

U.S., in Reversal, Questions Gulf Oil's Angola Operations

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration has suggested for the first time publicly that it might be in the national interest for Chevron Oil Co. to stop its subsidiary, Gulf Oil Corp., from continuing its operations in Angola. Gulf does nearly \$2 billion in business a year there.

Chester A. Crocker, assistant secretary of state for African affairs, said Tuesday that the administration was telling Chevron and other U.S. companies operating in Angola that they're in the middle of a war zone, that they're also in

the middle of a rather hot political debate in this country, and that they should be thinking about U.S. national interests as well as their own corporate interests as they make their decisions.

Mr. Crocker's statement, made at a press conference, differed sharply from previous administration expressions of support for U.S. businesses in Angola.

The statement seemed part of an administration effort to put renewed pressure on the Marxist authorities in Angola to agree to a diplomatic compromise with South Africa that would lead to the withdrawal of the 30,000 Cuban troops now in Angola.

Previously, the United States had endorsed the continued presence in Angola of Gulf Oil, which has a 49-percent interest in Cabinda Gulf Co. Cabinda Gulf produces most of the \$2 billion earned annually by Angola through its oil fields.

Gulf has operated in Angola for 30 years, and has remained there even though Angola and the United States have not had diplomatic relations since Angola became independent of Portugal in 1975.

The Angolans rely heavily on the oil produced by Gulf for its foreign exchange. In August 1984, the State Department said that "we feel strongly that U.S. business participation in Angola is in the long-term interest of both our nations."

As Mr. Crocker was speaking, the Conservative Caucus, an organization representing 25 conservative organizations, held a press conference here to launch a campaign to force Chevron to close down its operation in Angola and to stop "furnishing fuel and revenues to the Soviet war machine," in the words of Howard Phillips, chairman of the group.

The news conferences by Mr. Crocker and Mr. Phillips took place before Jonas Savimbi, the leader of the main anti-Communist guerrilla group in Angola, the National Union for the Total Independence of Angola, or UNITA, arrived Tuesday in Washington. Mr. Savimbi is seeking U.S. military hardware, primarily anti-tank and anti-aircraft missiles, to help his group continue to fight the Angolan government forces, which are aided by Soviet and Cuban advisers.

Chevron, in a statement issued from its San Francisco headquarters, said it had received no indication ahead of time of any shift in U.S. policy and seemed puzzled by Mr. Crocker's remarks.

Concerning Mr. Phillips' statements, the spokesman said: "Howard Phillips and his extremist organization have embarked on an irresponsible crusade against us that is based on a rather twisted and biased version of reality."



Chinese prisoners being paraded last week through the city of Hefei.

Criminals Up Against a Wall

Chinese Succeed With Publicity in Latest Crackdown

By John F. Burns
New York Times Service

BEIJING — For Ge Guocai, a 68-year-old retired factory worker, it was a day to celebrate being among the living. A slight breeze had blown away the winter smog that sits on Beijing like a shroud, and Mr. Ge was out for a stroll with his 17-year-old grandson.

Round the corner from their apartment, where Justice Street runs into a row of centuries-old courtyard dwellings, a small crowd had gathered to read four posters bearing large red check marks. The old man and the boy found themselves a space and began reading. Soon, Mr. Ge was smiling and offering an approving nod to his neighbors.

"For crimes like that," he said, "they should die 10,000 deaths."

A week ago, 18 men were taken from a public rally in Worker's Stadium, an indoor arena that has been used for rock concerts and table-tennis tournaments, and driven away to be shot.

The police truck carried them across Beijing to the southwest, to a dried-up riverbed near Marco Polo Bridge. There, identities were checked for the last time, and a court official asked each if he had any last words.

At the end, they were forced to kneel, and a uniformed officer from the Public Security Bureau stepped forward with a pistol. In a tradition that goes back to the emperors, when executioners approached from the rear for fear that victims' souls might haunt them, the pistol was placed against the base of each man's neck. After a single shot, each body was rolled over and photographed for the court record.

The procedure has been carried out thousands of times — as many as 20,000 times, according to some unofficial estimates — since Deng Xiaoping, the Chinese leader, pronounced a crackdown on crime in August 1983.

According to the court summaries, all but one of those shot last week were the sort of criminals who would have attracted heavy sentences anywhere. Nine were murderers, two of whom raped their victims beforehand; seven others were rapists, four of them men who attacked girls of primary-school age, and two were thieves. One was a repeat offender who attacked and seriously wounded two of his victims.

The exception, a 31-year-old peasant named Wang Yulong, was described in the poster as a "hardened thief," a third-time offender said to have "merited" the supreme penalty for a robbery spree early last year that netted him \$3,130 worth of generators, electrical motors, television sets and pigs.

Court posters detailing the crimes continue to fascinate ordinary people like Mr. Ge. One reason is that the lurid stories they tell make for such a contrast with the bland fare available in the official press.

One of the men shot last week, Li Huanwen, a 50-year-old factory manager, was said to have put arsenic into the rice at his married lover's home after she decided to end their affair. The woman's husband and daughter died.

A common story in Beijing is that Mr. Deng ordered the increase in executions after his motorcade was halted on the road between Beijing and the seaside resort of Beidaihe by a gang fight in a

rural village. Whether this is true or not, Mr. Deng acted at a time when China was facing a rapid increase in crime, partly as a result of a relaxation of discipline that accompanied his economic and social changes.

The Justice Ministry told a United Nations conference in Beijing last summer that the crackdown had brought a 36-percent drop in crime, to an annual total of 500,000 offenses. According to the ministry's calculations, this figure, applied against China's population of one billion, gave an overall crime rate of five-hundredths of one percent, compared with comparable figures of 1.1 percent for Japan, 3.9 percent for France and 4.8 percent for the United States.

In a country where arbitrary justice has been commonplace for centuries, the executions have caused little stir. The government was speaking for a demand for an end to the executions by Amnesty International, the London-based human rights organization, by saying that such calls reflected "a Western point of view."

Where some Chinese jurists might argue with the government was in its claim that the application of the death penalty was under "consistent and strict control" and limited to "the most outrageous crimes."

In fact, the evidence suggests that widely varying standards are used in deciding who dies and who does not, that an effective defense is virtually impossible once a capital charge is made and that extraneous considerations can play a decisive role in individual cases.

Matters under the Communists have been worse. In the early 1950s, millions of landlords and other members of the old ruling class were shot or beaten to death without trial, and in the 10 years of the Cultural Revolution, many thousands of officials who ran afloat of Mao and his Red Guards were put to death without pretense of due process.

One of Mr. Deng's achievements is to have rebuilt the system of law to the point where all offenders face at least some form of trial.

But in recent years, the laws have also been amended to make it easier to condemn criminals through the courts. The requirement for the Supreme Court to confirm death sentences has been eliminated, making it possible for lower courts to order "immediate execution" after trial, sometimes within hours of the verdict.

The list of capital offenses has been extended to more than 40, including such offenses as organizing jailbreaks, "molesting" women, procuring, smuggling gold or antiquities, "extra grave" cases of embezzlement and "passing on methods of committing crimes."

In practice, most executions are for murder, rape or robbery with violence — crimes that accounted for more than 70 of the 85 people shot in Beijing in the past 18 months.

The Amnesty International report was heavily critical of the habit of parading condemned people before public gatherings, saying the humiliation of prisoners immediately before execution was a violation of human dignity and of a 1979 Chinese law forbidding their "exposure to the public."

The criticism was of little avail to the 18 men shot in Beijing a week ago, who were taken before a crowd of 13,000 two hours before their executions.

WORLD BRIEFS

U.S. Denies Spying Charges by India

NEW DELHI (UPI) — The American Embassy on Wednesday denied charges that U.S. agents paid an Indian businessman thousands of dollars to obtain Indian defense secrets, organize protests against the Soviet Union and conduct an anti-Soviet propaganda campaign. The charges, filed Tuesday, alleged that U.S. intelligence officers, in collusion with West German and Taiwanese officials, for years had been using a businessman, Rama Swaroop, 53, to obtain top-secret documents and political information.

Hundreds Rampage in Haitian City

PORT-AU-PRINCE, Haiti (UPI) — Hundreds of demonstrators looted stores of food and medicine and shouted anti-government slogans Tuesday in the southern town of Les Cayes in growing discontent with President Jean-Claude Duvalier. The disturbance Tuesday came a day after crowds in three other cities, Cap-Haitien, Gonaives and Jeremie, demonstrated against Mr. Duvalier's government. They were the latest in a wave of protests that has resulted in the deaths of seven persons since November. Baptist-run Radio Lumiere said demonstrators in Les Cayes, shouting anti-government slogans, ransacked schools, an orphanage and a health center. The city of 38,000 people suffers from high unemployment and a lack of public services, like most towns in Haiti, the Western Hemisphere's poorest country.

Surveillance Bill Goes to Bundestag

BONN (AFP) — The West German government approved a controversial series of laws on Wednesday providing for the computer surveillance of citizens, which effectively would increase the powers of the country's secret services. A key bill provides for greater cooperation between the secret services and the police through the exchange of computerized records. The government says this will help fight terrorism and espionage, but the socialist opposition has condemned it as "Orwellian" after George Orwell's novel "1984," describing an all-powerful police state. Another measure would allow West Germans free access to their computerized records unless "security interests" were at stake. The package now goes to the Bundestag, where the government has a majority of approximately 50 votes.

Beijing Denies Report of Deng Illness

BEIJING (UPI) — Foreign diplomats here have been told that the senior Chinese leader, Deng Xiaoping, who has not appeared in public for more than six weeks, is avoiding foreign visitors because of an illness, a diplomat said Tuesday. A Foreign Ministry spokesman said, however, that reports of Mr. Deng's illness were "a sheer fabrication." The diplomat said the report about an illness was from Chinese officials, who did not imply that it was critical. "It could just be a common cold," the diplomat said.



Deng Xiaoping

Lyng Named to U.S. Agriculture Post

WASHINGTON (UPI) — President Ronald Reagan announced Wednesday that he will nominate Richard E. Lyng, the former second-ranking official in the Agriculture Department, as his new secretary of agriculture. With Mr. Lyng, a longtime friend and political associate, at his side, Mr. Reagan made the announcement 22 days after the resignation of John R. Block. Mr. Lyng, 67, was the director of agriculture for the state of California when Mr. Reagan was governor and later deputy agriculture secretary under Mr. Block in Mr. Reagan's first term as president. He has been working recently as a Washington consultant.

For the Record

Soviet and U.S. negotiators on long-range, or strategic, nuclear weapons met in Geneva on Wednesday, a U.S. spokesman said. The negotiating teams were led by Viktor P. Karpov, who also heads the overall Soviet delegation, and John G. Tower. Europe's poorest regions are to receive a grant of 1.4 billion ECUs (\$1 billion) to help to create or maintain 33,000 jobs, the European Commission said Wednesday. Most of the funds would go to projects in industry, crafts and the services sector. (Reuters) An AeroCalifornia plane believed to be carrying 21 people crashed Wednesday near the airport of the Pacific port of Los Mochis, Mexico. The plane appeared to be completely destroyed. (AP) Russell Means, an American Indian activist, was slightly wounded and four Nicaraguan civilians were killed Saturday in a Nicaraguan air force bombing of a Caribbean coastal village, according to a spokesman for Indian rebels in San Jose, Costa Rica. (AP)

Lesotho Still to Accept Some Black Refugees

By Allister Sparks
Washington Post Service

MASERU, Lesotho — The new military government in Lesotho has pledged to continue to accept black refugees from South Africa, but it held open the option of expelling members of the underground African National Congress if it considered this to be in the interests of their safety and the country's national security.

Making his first public appearance since he seized power in southern Africa's first coup Jan. 21, Major General Justin Lekhanya was noncommittal when questioned Tuesday about his adminis-

tration's relations with South Africa.

It has been widely suggested that South Africa engineered the coup in the black enclave that it surrounds, and the general's responses cannot have done much to end such insinuations.

General Lekhanya did not say whether he would be willing to sign a mutual nonaggression treaty with South Africa that Pretoria has long been urging on Lesotho. He would say only that he would "seek common ground through negotiation." The new military ruler said that he would not consider holding elections for a new civilian government until the political parties emerged from a "political quagmire" and began working for national unity.

The general also stressed, however, that the aftermath of the coup would be calm. "We will not engage in any witch-hunting exercise or pursue any political vendettas against members of the previous government," he said, adding that the deposed prime minister, Leabua Jonathan, and members of his cabinet, who were briefly under house arrest, were now free.

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Lilli Palmer, Stage, Movie Actress, Dies

United Press International
HOLLYWOOD — Lilli Palmer, 71, an actress of the stage, movies and television, died Monday of a heart attack.

Miss Palmer began her career on the stage in London. In the 1940s, she moved to the New York stage and then to Hollywood.
Her autobiography chronicling her stormy marriage to the actor Rex Harrison became a best seller. He objected to her contention that he married her successor, his third wife, the actress Kay Kendall, because he knew Miss Kendall was dying and wanted to bring her happiness.
Among Miss Palmer's films were "Cloak and Dagger" with Gary Cooper in 1945, "Body and Soul" with John Garfield in 1948, "The Four Poster" with Mr. Harrison in 1952, "The Pleasure of His Company" with Fred Astaire in 1961, "The Counterfeit Trail" with William Holden in 1952 and "The Boys From Brazil" with Gregory Peck in 1978.

She was honored with three Golden Globe awards, the Cinema Nuova Gold Plaque of Venice, the Donatello Award of Italy, the National Board of Review of Motion Pictures Award and two television Emmys.
Miss Palmer was born in the Prussian city of Posen (now Poznan in Poland), and the family moved to Berlin when she was an infant.
Her mother was an actress and her father, Dr. Alfred Peiser, was the chief of surgery at one of Berlin's biggest Jewish hospitals.

She later credited Hitler's rise to power with her success, saying it was this that forced her father to put her on a train to Paris. She worked there in cabarets, using the acting skills she had learned as a teen-ager at one of Germany's best repertory companies, the State Theater of Darmstadt.

Her marriage to Mr. Harrison, then the reigning matinee idol of the English stage, produced a son, Carey, who became a professor in England.
Miss Palmer and Mr. Harrison were divorced in 1957. She is survived by her second husband, Carlos Thompson, a former Argentine actor.
Other deaths:
Richard E. Berlin, 92, who was president and chief executive officer of the Pricer Corporation for three decades before retiring, in Rye, New York.
Conrad Schwiering, 69, known as "the mood painter of the Tetons," Monday in Wyoming while painting on the beach near Carmel, California, apparently of a heart attack.
Bernard Lorjow, 77, a French painter who did figurative works on topical subjects, of a heart attack in Saint-Denis-sur-Loire. He had severe asthma.



Lilli Palmer

Israeli Jets Strike Palestinian Targets In South Lebanon; 1 Dies, 4 Are Hurt

By William Claiborne
Washington Post Service

BEIRUT — Israeli planes bombed Palestinian guerrilla targets Wednesday in south Lebanon for the first time since the 1982 invasion of Lebanon. One person was killed and at least four were wounded during the 10-minute strike.

The air raid was Israel's first strike against Palestinian guerrillas since Israeli officials vowed to retaliate for Palestinian terror attacks that killed 20 people last month at the Rome and Vienna airports.

The military authorities in Jerusalem announced that two Israeli soldiers and an Arab guerrilla were killed and two soldiers wounded.

Wednesday when a military patrol was ambushed in the Jordan valley, United Press International reported.

[It was the first fatal confrontation between Israelis and guerrillas along the Jordanian border in several years. Army radio said the last shooting incident in the area occurred in 1981.]

[Military sources said that the guerrilla crossed the Jordan River into the occupied West Bank near a Jordanian Army outpost and was carrying documents indicating he may have been a Jordanian soldier.]

The Israeli military command in Tel Aviv and Palestinian sources in Sidon said that the air-raid targets were three houses occupied by members of the pro-Syrian Fatah Uprising, a splinter faction of the Palestine Liberation Organization headed by Abu Musa; the Palestine Liberation Front, headed by Mohammed Abbas; and the Popular Front for the Liberation of Palestine-General Command, headed by Ahmed Jibril.

Witnesses said that four Israeli jets swept in low over the Mediterranean at dawn Wednesday and with precision accuracy dropped powerful implosion-type bombs on the houses, on the outskirts of the Ain al Helweh refugee camp, flattening one of the buildings and heavily damaging the others.

Ain al Helweh, with 30,000 refugees, long has been a stronghold of guerrillas belonging to Yasser Arafat's mainstream el-Fatah wing of the PLO.

Sidon residents said that the raid caused panic in the camp as hundreds of refugees fled into the center of the city, located about 50 miles (81 kilometers) north of the Israeli security zone in south Lebanon.

Israeli jets made more than a dozen raids on Palestinian targets in Lebanon last year, but most of them were in the Syrian-controlled Bekaa valley in eastern Lebanon. Wednesday's raid appeared designed to avoid the surface-to-air missiles that were deployed in the Bekaa and just inside the Syrian border in November after Israeli jets shot down two Syrian MiG-23s.

Questions on Hubbard Death

New York Times Service

SAN LUIS OBISPO, California — Mystery surrounds the death of S. Ron Hubbard, the multimillionaire founder of the Church of Scientology, just as it doled the final years of his life. County officials said Tuesday that church officials told them that Mr. Hubbard, 74, had died Friday, that he had been cremated Sunday without an autopsy and that his ashes had been scattered at sea.

The county officials said their investigation of the death was limited to looking at Mr. Hubbard's body, photographing it and taking fingerprints.

[George S. Whiting, the sheriff and coroner of San Luis Obispo County, told The Washington Post in a telephone interview Tuesday that he was working with other government agencies to find a set of Mr. Hubbard's fingerprints for matching.]
Mr. Hubbard had not been seen in public since March 1980. According to his death certificate, which was signed by Dr. Eugene Denk, a Scientistologist who had been Mr. Hubbard's personal physician, he died at the house Friday of a stroke.
Mr. Whiting said he had no reason to suspect that Mr. Hubbard's death was a result of anything but natural causes. But he said he regretted that he was forbidden to order an autopsy by a certificate of religious preference, purportedly signed by Mr. Hubbard, stating his objection to an autopsy.

سكوتالات

THE U.S. SPACE TRAGEDY: The painstaking search for explanations may take months

Houston: 'Oh My God, That's the Capsule!'

HOUSTON — There were about a dozen people, visiting reporters and National Aeronautics and Space Administration public affairs officers, watching the two big closed-circuit television screens showing the liftoff of the space shuttle.



After the shuttle exploded, two astronauts, Lieutenant Colonel Frederick D. Gregory, left, and Richard O. Covey, reacted to the computer data at the space center in Houston.

The Final Moments

NEW YORK — The last flight of the shuttle Challenger lasted 74 seconds. Here is the National Aeronautics and Space Administration's transcript of Challenger's final moments, before and after liftoff.

Experts Baffled on Lack Of a Computer Warning

(Continued from Page 1) L. John Lawrence, a spokesman for the National Aeronautics and Space Administration at the Houston space center, "In all the models, the data show a deterioration before failure. You begin to see pressures change, or temperatures, or valve failures or voltage or hydraulic changes. Things begin to happen. Here, nothing happened."

Disaster Disrupts Plans for Shuttle's Busiest Year

(Continued from Page 1) Thomas O. Paine, former NASA administrator and now chairman of the National Commission on Space, said that the loss of one-fourth of U.S. shuttle capacity "will put a lot of pressure on our entire launch capacity, and something is going to have to slip."

Other congressmen, eager to find programs that can be cut or delayed in order to comply with the deficit-reduction requirements of the Gramm-Rudman-Hollings law, are expected to use the accident as a justification for slowing down the manned space program, including the proposed space station, which is meant to be carried aloft by the shuttle in the early 1990s.

Leader's Job: Share Grief, Redirect It

(Continued from Page 1) dressed Tuesday night is a need as old as organized societies. In crises past, it has been successfully met by the celebration of heroes and martyrs, by the defiant rhetoric of Charles de Gaulle after the fall of France and Winston Churchill during the Blitz, even by the popularization of gritty, bitter-sweet songs like "Tipperary" or "Praise the Lord and Pass the Ammunition."

Fuel Tank Suspected As a 'Potential Bomb'

(Continued from Page 1) One set of the stresses resulting from the move to full power centered on points at both sides of the intertank, to which the solid-fuel booster rockets were attached. Another stress point involving the intertank, and a rupture or leak in the plumbing or walls of the intertank could have flooded the two fluids together to create a gigantic bomb.

White House flag at half staff

The Washington Monument is in the background. The White House flag at half staff. The Washington Monument is in the background.

Disaster Shouldn't Set Back Pentagon's Plans, Aides Say

By Walter Pincus and Michael Weisskopf Washington Post Service WASHINGTON — Administration and congressional sources say they do not expect the Pentagon's portion of the space program to be seriously set back by the explosion of the Challenger space shuttle unless the accident investigation determines that fundamental changes are required in the remaining three shuttles.

Some Wreckage From Challenger Shuttle Retrieved

(Continued from Page 1) ing representatives of the space industry, the air force and other experts, will be convened later. The investigation could take months, just as it did after America's only other space program tragedy, the launch pad fire that killed three Apollo astronauts 19 years ago this week. The Apollo fire, which came during a test, grounded astronauts for 21 months.

As NASA developed its shuttle program, it looked to the Pentagon both for financial support — the Pentagon pays \$55 million for each flight it uses — and for stability in long-term use of the program.

Experts Baffled on Lack Of a Computer Warning

(Continued from Page 1) L. John Lawrence, a spokesman for the National Aeronautics and Space Administration at the Houston space center, "In all the models, the data show a deterioration before failure. You begin to see pressures change, or temperatures, or valve failures or voltage or hydraulic changes. Things begin to happen. Here, nothing happened."

Report of Deng Illness

an official in the Chinese government has reported that Deng Xiaoping, the Chinese leader, is ill. The report came from a source in the Chinese government who has been in contact with Deng.

U.S. Agriculture Post

President Ronald Reagan's administration is expected to announce a new series of agricultural programs. The programs are designed to help farmers and ranchers in the United States.

stinian Targets Dies, 4 Are Hurt

A party of 10 people was targeted in a recent incident. Four people died and four were injured. The incident occurred in a public place.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Shuttle Was Never Routine

"Oh, the humanity!" Those words, spoken by a weeping radio announcer as he witnessed the explosion and fire that consumed the dirigible Hindenburg nearly 50 years ago, must have come to the minds of some people Tuesday as they watched the terrible short flight of the space shuttle Challenger.

printed before the flight? They were the work of a weeping radio announcer as he witnessed the explosion and fire that consumed the dirigible Hindenburg nearly 50 years ago, must have come to the minds of some people Tuesday as they watched the terrible short flight of the space shuttle Challenger.

Promise of Peace in Uganda

Uganda's capital had good reason to cheer the triumph of Yoweri Museveni and his insurgent army. At the least, the flight of government soldiers means a break in the military deadlock that left Kampala besieged for months and disrupted simple daily routines.

rule for the regular forces he has just defeated. Still, transcending Uganda's tribalism is a formidable challenge. Mr. Museveni's immediate entourage comes mainly from the southern Banyankole tribe; his defeated opponents drew their support from tribes in the north.

The Irish Accord Holds

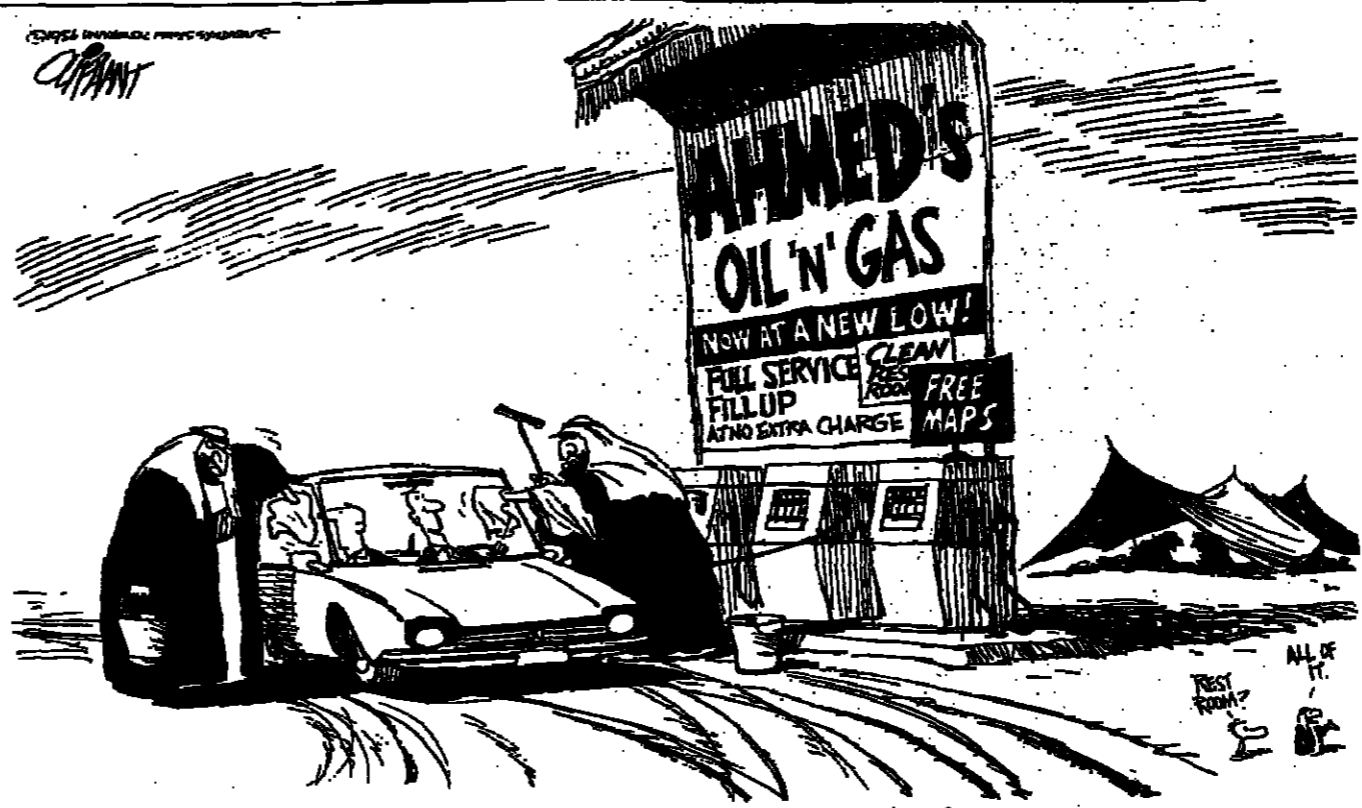
Last week's election in Northern Ireland failed to scuttle the new British-Irish accord to seek a progressive resolution of the province's communal strife. It gave diehard Protestants the photo opportunity they craved — a chance to wave placards insisting that "Ulster Says No!"

the accord gives Ireland in addressing the grievances of Ulster's 600,000 Catholics. What they overlook is the provision that binds the Irish Republic to respect the North's right to remain British, so long as its majority desires.

Other Opinion

Space Research Must Continue
The rapid succession of its flights — nine last year and 15 planned for this year — made us believe that the shuttle was as safe as the planes of the same name that ferry passengers between cities on the east and west coasts of the United States.

other person would have said the same thing. Accidents involving aircraft have never led to the use of air transport being questioned. The accident which led to the death of three astronauts burned alive in their capsule did not stop the race to the moon.



"How nice to get back to traditional values."

A Bretton Woods on Oil Prices Should Be Arranged

WASHINGTON — Since at least the close of World War II, the world's economic powers have agreed in principle that lone-wolf tariff and currency policies can be mutually harmful, even suicidal. At Bretton Woods and elsewhere, arrangements were made to cushion, if not cure, the abrasions of competitiveness.

By Edwin M. Yoder Jr.
The barbed spirit of 1973-1979 has since spread throughout oildom. The Thatcher government in Britain has abolished the government agency designed to pace Britain's North Sea production with an eye to its impact on market conditions.

loans to oil exporters and oil prospectors. One might suppose players in this dangerous game would start weighing the merits of consultation, if not cooperation, as an alternative.

U.S. Aim in Philippines Is Worthy, but Implausible

PARIS — The Reagan administration's abandonment of President Ferdinand E. Marcos — the "distancing" of the United States during these final days of his campaign — ought to surprise no one. He has become too awful to support.

By William Pfaff
control of the course of events. Today's situation in the Philippines is worsened by that sense of victimization, linked to dependence upon the United States, felt by many Filipinos.

of States having laid down what Americans, in a more innocent day, were pleased to call the white man's burden. It is noteworthy that a few people in Washington have already begun to do just that.

Bold Moves Are Needed by Lugar's Team

WASHINGTON — The greatest mistake that the official American team sent to monitor the Philippine elections could make would be to move too cautiously in its important mission of freedom.

By Raul S. Manglapus
The mission could confine itself to visiting a few polling places and issuing general expressions of hope that the vote will be fairly counted. That, certainly, would be the least it could do.

that future American support for the Philippines will depend on fair elections. The American team could test Mr. Marcos's protestations of fairness by asking that it be allowed to make these appeals in all media, including television.

FROM OUR JAN. 30 PAGES, 75 AND 50 YEARS AGO
1911: Fire Starts in Versailles Church
VERSAILLES, France — Fire almost destroyed the English Church in the rue du Centre-Lebrun here during the early hours (on Jan. 29) of the origin of the blaze, which broke out about one o'clock in the morning, is unknown.

LETTERS TO THE EDITOR
Cassettes for Amateurs
Regarding the opinion column "Thing of the Year: The Videocassette" (Dec. 30) by Tom Shales: Mr. Shales's article is entertainingly misleading, but misleading nonetheless.

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Alcohol and the Brain
Your item on the warnings of the Food and Drug Administration concerning the link between the drug aspirin and Reye's Syndrome in children and the agreement in principle with the manufacturers is interesting. (For the Record, Nov. 18.)

U.S. Ignores Lessons of Space Junk

By Daniel S. Greenberg
WASHINGTON — An iron rule of aerospace politics dictates that whatever can be done should be done — especially if the costs are colossal and the payoff negligible.

Letters to the Editor

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Firm
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South Korea's Chun Stages Strategic Retreat To Retirement in 1988

By Jim Hoagland
Washington Post Service

SEOUL — President Chun Doo Hwan is staging a strategic retreat from the political office that he seized five years ago, looking over his shoulder at the ghosts of his predecessors and at the uncertain American record of dealing with allies who get into trouble.

This impression emerged from a three-hour visit to the Blue House, as the South Korean presidential mansion is known.

Although Mr. Chun is far too cautious and too diplomatic to state his plans in such stark terms, his comments clearly reflect these concerns.

Known here for his ability to conceive and carefully follow a long-term plan while keeping it to himself, Mr. Chun emphasizes to visitors that his planned retirement in 1988 would mark the first peaceful transfer of power since South Korea became a republic in 1948.

All of his predecessors have been pushed out of office or, in one case, assassinated. If he can make it safely to 1988, Mr. Chun said, he will observe the seven-year limit he imposed upon himself in 1981.

"You must follow the rules," Mr. Chun said with a no-nonsense demeanor. He puffed on a silver cigarette holder and spoke softly, but with clear authority. As he talked, five aides sat nearby taking down each word.

Mr. Chun was a career military officer who specialized in intelligence work. As a leader, he not only demands that his countrymen follow his rules, but that they not question them. Mr. Chun has closed down newspapers and magazines critical of his government, imprisoned political opponents and sent troops to put down rebellious students through violent means.

At a dinner in honor of the visiting head of the Italian Communist Party, Alessandro Natta, Mr. Gorbachev singled out on Tuesday the European aspect of his Jan. 15 arms control proposal as an issue that could be settled "without delaying or burdening the matter with other problems."

The Jan. 15 proposal, setting out a timetable for reducing the world of nuclear weapons by the year 2000, advanced a new Soviet offer to eliminate both U.S. and Soviet missiles in Europe, leaving uncounted current French and British deployments.

An interim agreement on medium-range weapons in Europe had been endorsed by Mr. Gorbachev and President Ronald Reagan at their summit meeting in Geneva in November.

Mr. Gorbachev's language made clear Tuesday that the issue of missiles in Europe could be separated from other arms control issues now under negotiation.

His speech at the Kremlin dinner for Mr. Natta was his first since the Soviet plan was released on the eve of the resumption of arms control negotiations in Geneva.

Several Western leaders have cited the European proposal as one of the plan's more promising aspects, since it removes the French and British arsenals from the equation.

The Soviet leader said that Moscow's opposition to a U.S. space-based defense system was not based on concerns about being left behind in a technological race.

"We have no fear that we shall lag behind in the space race if it is imposed on us," he said. "There is no need to test our military and technological potentialities one more time."

Instead, he said Moscow's opposition stemmed from the view that a space defense would not be effective, and it could be used as an offensive weapon.

Mr. Gorbachev said the Soviet leadership generally is satisfied by the reaction to the Jan. 15 proposal.

But he assailed a "certain inertia of thinking" that he said had become an obstacle to disarmament.

"Habitual persuasions and traditionally held views that were possibly correct 30, 20 or even 10 years ago are now hopelessly outdated," said Mr. Gorbachev.

In his remarks here Monday, he made it clear that he would not yield an inch to opposition politicians who have been demanding that direct elections be held to choose Mr. Chun's successor when he steps down.

Instead, he will stay with the constitution he put through in 1981. Many here say that it guarantees that Mr. Chun will be able to choose his successor, probably a close military associate who would continue the president's policies.

"I have made an oath to protect that constitution," he said. "That constitution makes it mandatory for the president to step down after the end of his term. I look forward to fulfilling that obligation."

Mr. Chun, 55, won in the power struggle that followed the assassination of Chung Hee Park in 1979.

Considered colorless and untrained in world politics when he came to power, he has emerged in the past two years as an articulate and increasingly confident international figure.

Asked about security issues in Asia, Mr. Chun provided a sophisticated analysis of Soviet courtship of North Korea and of China's steady distancing of itself from Pyongyang's policies.

But he did not miss an occasion to rattle off the latest order of battle listing North Korean military deployments, or to ask a visitor how long it had taken on the previous day to drive to the Demilitarized Zone, already knowing what the answer would be.

"Yes," he said, "this place where we sit is an hour from the DMZ. And it is within North Korean artillery range."

He repeatedly suggested that his political opponents were immature and that the country was not ready for the kind of civil liberties practiced in Western democracies.

Mr. Chun praised U.S. Secretary of State George P. Shultz for saying publicly that the president had established "a realistic yardstick" of military, cultural and political factors that had to be considered before making any judgment about freedom in a given country.

But there are indications here that it was the Reagan administration that triggered Mr. Chun's decision to hold indirect elections for a successor. The United States has urged the South Korean leader to begin a process that would move the country toward political normalcy.

With nearly 40,000 troops stationed in South Korea, the United States is involved intimately with the course of events. Mr. Chun gave clear indications of concern over past U.S. policies and the present Washington move is putting on President Ferdinand E. Marcos of the Philippines to adopt reforms.

Speaking of outside criticisms of his authoritarian rule, Mr. Chun warned that "when criticism becomes a direct attack, the result can be very serious. We have seen what happened in Cambodia, Vietnam, Iran and other places."



Prime Minister Shimon Peres, right, at the Berlin Wall with West Berlin's governing mayor, Eberhard Diepgen.

Peres, in Europe, Gets No Pressure on PLO

By James M. Markham
New York Times Service

BONN — A senior adviser to Prime Minister Shimon Peres has said that during the Israeli leader's tour of Western Europe, he has received no pressure from four heads of government to negotiate directly with the Palestine Liberation Organization.

The adviser said Tuesday that one of the most striking features of the 10-day trip was a declining interest in a role for Yasser Arafat's PLO in future peace talks.

Mr. Peres has had conversations with prime ministers Margaret Thatcher of Britain, Ruud Lubbers of the Netherlands and Felipe Gonzalez of Spain, and with Chancellor Helmut Kohl of West Germany. The Peres aide related that in the discussions, the Israeli leader

had won praise for his efforts to seek talks with King Hussein of Jordan and moderate Palestinians not specifically linked to the PLO.

The meeting with Mr. Gonzalez took place in The Hague to mark the opening of diplomatic relations between Spain and Israel.

The Israeli adviser's remarks came as President Hosni Mubarak of Egypt, beginning a four-day European tour of his own, called on West European countries to participate in an international Middle East peace conference.

A European Community summit meeting in Venice in 1980 endorsed self-determination for the Palestinian people and urged that the PLO "be associated" with any peace talks on the Middle East. The Venice declaration, which also affirmed Israel's right to exist, has become a

standard reference point for West European leaders.

In West Germany, Mr. Peres has struck a conciliatory note that accented future bilateral ties, not the trauma of the Nazi era and the murder of six million Jews. He spoke Tuesday of "remembering the past on the one hand but building a new future on the other hand."

According to the senior Israeli official, Mr. Kohl assured Mr. Peres in their private talks that reports that anti-Semitism was on the rise in West Germany were "totally false." The chancellor did not allude to remarks by a mayor from his Christian Democratic Party who recently suggested killing "a few rich Jews" to balance his town's budget.

Tuesday that they would bring charges against Count Wolderich von Spee, mayor of Kirschenbroich, who made the remark at a town council meeting on Jan. 16. The mayor later apologized.

Peres Visits Berlin
Mr. Peres traveled to West Berlin on Wednesday and, referring to the division of Berlin, said that "walls come, walls go, but the human spirit remains." The Associated Press reported.

After visiting the Schöenberg city hall, Mr. Peres said that the distance between Israel and Germany was not only geographic but also emotional. "It is a trip out of the darkness into the hope of light," he said. "I hope very much that this Germany will have a new people and a new future."

Most U.S. Oil Companies in Libya Are Reported to Suspend Exports

By Judith Miller
New York Times Service

TRIPOLI, Libya — Most of the American oil companies operating in Libya have temporarily halted exports of their entitled allotment of oil, according to business executives and diplomats. The move has potentially serious economic implications for Libya.

The executives and diplomats, who spoke on condition that they not be identified, said Tuesday that only one of the five U.S. oil companies operating in Libya was still exporting oil.

The suspension resulted from

concern about the ramifications of President Ronald Reagan's economic sanctions against Libya and the plunge in the price of oil on the spot market from \$25 a barrel earlier in January to \$17 a barrel last week. Prices were just under \$20 a barrel Wednesday.

None of the American producers operating in Libya would comment on any aspect of their local operations. They are Occidental Petroleum Corp.; Amerasia Hess Corp.; Marathon Oil Co., a subsidiary of United States Steel Corp.; Conoco, a unit of Du Pont Co.; and Grace Petroleum, a subsidiary of W.R. Grace & Co.

A spokesman for Occidental in the United States confirmed Tuesday that the company was no longer exporting Libyan oil. Occidental, with three oil fields, has the largest investment in Libya of the U.S. companies.

Conoco, Amerasia Hess and Marathon have 16.5-percent stakes apiece in Oasis Oil Corp., which is run by the Libyan government. Grace has holdings in government oil fields.

Many American companies in Libya are known to have sought U.S. government views on planned efforts to transfer their activities to European-based foreign subsidiaries, or to newly formed companies that would be incorporated in the Cayman Islands or other offshore places of registration.

The sources in Tripoli said that at least three companies had been told by administration officials that such transfers would not violate the letter of the executive order, which was issued in Washington on Jan. 7.

American producers dominate the oil industry that is Libya's only significant source of hard currency. U.S. companies are said to account for the production of between 350,000 and 450,000 of Libya's 1.2 million barrels of oil a day, 10 percent of which is refined for local consumption.

Italian, West German and Austrian oil producers combined do not export more than 30,000 barrels a day. Libya itself is responsible for the refining and marketing of no more than 200,000 barrels a day, the sources said.

U.S. Senate Held Certain To Block Arms to Jordan

By Sara Fritz
Los Angeles Times Service

WASHINGTON — Despite warnings that Congress is on the verge of disrupting the Middle East peace process, the chairman of the Senate Foreign Relations Committee, Richard G. Lugar, has advised the Reagan administration to withdraw its proposed arms sales to Jordan by Feb. 18 or face certain defeat in the Senate.

Mr. Lugar, an Indiana Republican, told Secretary of State George P. Shultz on Tuesday that he expected a resolution disapproving the sale to be introduced in the Senate on Monday, with a vote by Feb. 18, according to an aide. Mr. Lugar predicted that at least 75 senators would vote against the sale.

The resolution would end months of legislative maneuvering by Mr. Lugar and administration officials seeking to win congressional approval of the sale, which they said would encourage King Hussein of Jordan to enter into peace talks with Israel. Senators Alan Cranston, a Democrat of California; Edward M. Kennedy, a Demo-

crat of Massachusetts; and John Heinz, a Republican of Pennsylvania, will sponsor the measure.

Aides said that Mr. Lugar expected administration officials to decide by the end of the week whether they would risk defeat in the Senate or withdraw the proposal to sell \$1.9 billion in arms to Jordan, including advanced fighter aircraft as well as Sidewinder, Hawk and Stinger missiles.

Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, told a House of Representatives subcommittee on Tuesday that a congressional vote against the sale at this time would have negative consequences in the Middle East.

Reagan Seeks Increase in Foreign Aid Despite a Drive to Cut Budget Deficit

By David K. Shieler
New York Times Service

WASHINGTON — Despite a drive to cut the federal budget deficit, the Reagan administration has asked Congress to increase foreign aid by 12.5 percent over the current fiscal year, to a total of \$16.3 billion.

The aid request for the 1987 fiscal year, which begins Oct. 1, was sent to Capitol Hill this week. A copy was obtained from congressional sources.

In it, the administration calls for a doubling of military assistance to the Philippines and Guatemala, and modest increases in funds for other Central American countries, such as El Salvador and Honduras, which are seen by Washington as key obstacles to the spread of Soviet influence in the region.

In the Middle East, the large aid packages for Israel and Egypt would remain about the same as this year, with a total of \$2.3 billion requested for Egypt and \$3 billion for Israel. This year's aid to Israel was augmented by a supplemental authorization, bringing the total to \$3.75 billion. Israel remains the major recipient of U.S. assistance, followed by Egypt, Turkey, Pakistan and Greece.

The requests are expected to face some cutting by Congress, whose budget process now is dictated by the Gramm-Rudman-Hollings Act, which requires a balanced budget by the 1991 fiscal year and forces staged reductions in the deficit.

Representative Dante B. Fascell, a Democrat of Florida and chairman of the House Foreign Affairs Committee, said this week that the budget-balancing law was likely to force sharp reductions in aid.

Mark Helmke, an aide to Senator Richard G. Lugar, a Republican of Indiana and chairman of the Senate Foreign Relations Committee, noted that Congress passed a two-year authorization last year that would hold the 1987 aid program to the same total as in 1986, \$14.5 billion. The purpose, he said, was to introduce some continuity and predictability into foreign aid.

"We're going to take a very hard look at their additional authorization request," Mr. Helmke said, because of the deficit-reduction act and questions about the effectiveness of aid.

Charles E. Redman, a State Department spokesman, declined to comment because the foreign aid request has not been made public formally.

But he said the budget that President Ronald Reagan planned to submit to Congress would be within the total amount permitted by the deficit-reduction act. That seemed to imply that deeper cuts would be made elsewhere in the budget to compensate for the requested increase in foreign aid.

Few dramatic changes were proposed. Aid to the Philippines, for example, was dictated by past obligations rather than by the disaffection of the Reagan administration with President Ferdinand E. Marcos.

Under a 1983 agreement allowing continued U.S. use of Clark Air Base and Subic Bay Naval Base, the administration pledged to seek \$900 million in assistance for the Philippines over five years, to be divided between economic and military aid.

Last year's request for \$102.2 million in military aid was pared down by Congress to \$54.7 million, with some of the difference shifted to economic aid, which was authorized at \$184.2 million. This year's military request is \$102.7 million, just above the level requested last year, but nearly twice the amount authorized. The administration has asked for \$125.7 million in economic aid for next year.

The military request is especially likely to run into opposition, congressional sources said.

Congress also cut the military aid request for Guatemala last year from \$10.3 million to \$5.07 million. Now the administration has asked for \$10.5 million, possibly in the hope that the recent Guatemalan election of a civilian president, representing a move toward democracy, will improve the country's image. Economic aid to Guatemala also would rise under the request, from \$99.3 million this year to \$133.7 million.

El Salvador, which is fighting a leftist insurgency, would receive \$378 million in economic and \$136 million in military aid, up 18 percent from the total this year. Honduras would get \$158.8 million in economic and \$88.8 million in military aid, an increase of 37 percent.

New Tremor Hits Soviet Asia
MOSCOW — A moderately strong earthquake struck the Soviet central Asian republic of Tadzhikistan on Wednesday. It occurred in the Kayrakum area, where a quake three months ago killed at least 29 people, the official press agency Tass said. No casualties were reported.

Gorbachev Pushes Offer On Europe

By Celestine Bohlen
Washington Post Service

MOSCOW — Mikhail S. Gorbachev, the Soviet leader, has asserted that his proposal to eliminate U.S. and Soviet medium-range missiles in Europe would "unravel what is perhaps one of the most complicated tangles in present-day world politics."

At a dinner in honor of the visiting head of the Italian Communist Party, Alessandro Natta, Mr. Gorbachev singled out on Tuesday the European aspect of his Jan. 15 arms control proposal as an issue that could be settled "without delaying or burdening the matter with other problems."

The Jan. 15 proposal, setting out a timetable for reducing the world of nuclear weapons by the year 2000, advanced a new Soviet offer to eliminate both U.S. and Soviet missiles in Europe, leaving uncounted current French and British deployments.

An interim agreement on medium-range weapons in Europe had been endorsed by Mr. Gorbachev and President Ronald Reagan at their summit meeting in Geneva in November.

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Several Western leaders have cited the European proposal as one of the plan's more promising aspects, since it removes the French and British arsenals from the equation.

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Instead, he said Moscow's opposition stemmed from the view that a space defense would not be effective, and it could be used as an offensive weapon.

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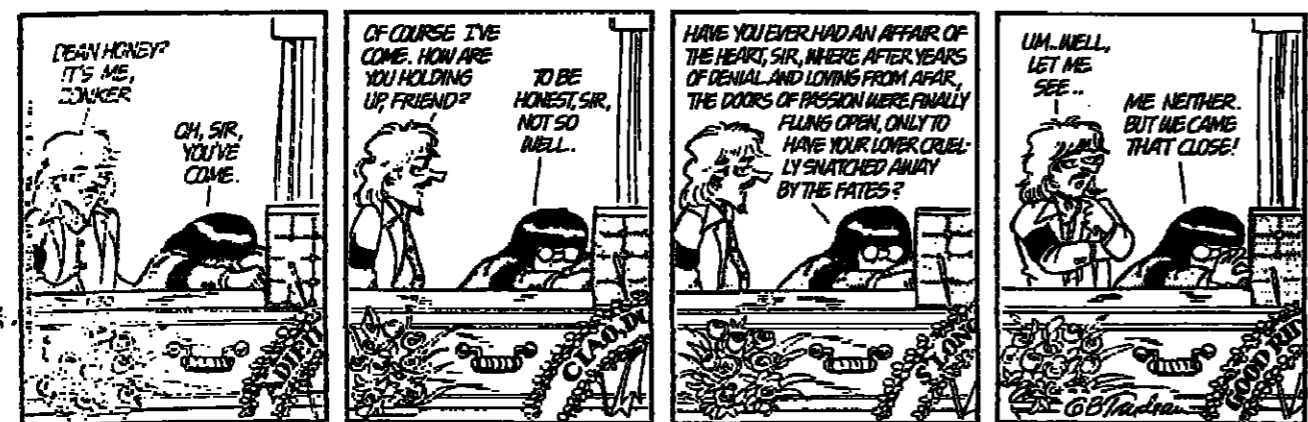
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Pentagon Directive Gives Priority to SDI

By Bill Keller
New York Times Service
WASHINGTON—In his secret long-range directive to the military, Defense Secretary Caspar W. Weinberger has declared that President Ronald Reagan's spaced missile defense program now shares the "highest priority" among Pentagon programs, equal in status to the five-year campaign to modernize nuclear missiles, Pentagon officials said Tuesday.

The officials said the statement, in the classified annual "Defense Guidance" document, was a sign of the Pentagon's determination to protect Mr. Reagan's program, the

Strategic Defense Initiative, from spending cuts as overall military budgets come under assault.

The previous guidance document, issued last April, stated that the Pentagon would "actively pursue" an "intensive research program" aimed at protecting the United States against intercontinental missiles, but it did not rank it among the Pentagon's top priorities, according to Pentagon officials.

Excerpts from the document were first reported this week in the magazine Armed Forces Journal and were confirmed by Pentagon officials.

Disclosure of the Weinberger directive comes two weeks after Pentagon officials disclosed that the nuclear shield program would be sheltered from budget cuts that are required in the current fiscal year because of a new budget-balancing law, called the Gramm-Rudman-Hollings Act.

While almost all other military weapons and research programs were cut 4.9 percent under the law, Mr. Weinberger used a special exemption to leave this year's \$2.75-billion budget for the research program intact.

The guidance is the basic document used by the military services

in devising their long-range programs and budget plans. The latest document, for example, is to guide military budgets for the fiscal years 1988 through 1992.

The Pentagon officials said the latest guidance document, issued to top military leaders Dec. 31, also calls for research on a program to defend European battlefields against short-range, nonnuclear ballistic missiles carrying high explosives or chemical weapons.

Although the Pentagon has been pursuing such research both as part of the Strategic Defense Initiative and in a separate army research effort, the program has not previously been mentioned in guidance documents.

The new priority given to anti-tactical ballistic missiles, as the short-range defenses are called, is apparently designed to reassure European critics who fear the proposed shield against intercontinental missiles will protect the United States but provide little of value for the nation's allies.

The guidance document states that research on defense against short-range missiles should be conducted "as a hedge against Soviet improvements in tactical ballistic missile accuracy" that could render a nonnuclear missile attack in Europe far more devastating than possible with existing missiles.

Fred C. Ikle, undersecretary of defense for policy, said in an interview Tuesday that the enhanced status given to the short-range defense program, "is consistent with the position of the president that we look to protecting the allies as well as the United States."

Bishops Boost Candidacy of Aquino

Catholic Church Encourages Filipinos To Resist Cheating, Vote Conscience

By William Branigin
Washington Post Service
MANILA—The Philippine Roman Catholic Church has given a boost to the presidential candidacy of Corason C. Aquino by urging Filipinos to resist electoral cheating and intimidation and vote according to their consciences.

The appeal in a joint pastoral letter issued Tuesday by the Catholic Bishops' Conference of the Philippines used much stronger language than that in a pastoral letter issued earlier this month.

Tuesday's letter encouraged voters to combat a "conspiracy of evil" that it said threatened to thwart the public's will in an election set for Feb. 7.

In an interview with Katharine Graham, chairman of The Washington Post Co., and editors and reporters of The Washington Post, Cardinal Jaime L. Sin, the archbishop of Manila and leader of the Philippines Catholic Church, made clear that the letter's pleas to resist cheating were directed against the government of President Ferdinand E. Marcos.

Mr. Marcos, 68, hopes that an early election will give him a new mandate to govern the Philippines, the only Christian nation in Asia and one that is predominantly Roman Catholic.

"If there is cheating, who will cheat?" Cardinal Sin asked. "Those in power, because those not in power don't have the possibility to cheat."

The pastoral letter urged Filipinos to "vote for persons who morally, intellectually and physically show themselves capable of inspiring the whole nation towards a hopeful future."

Without spelling it out, Cardinal Sin indicated strongly that this appeal amounted to a veiled endorsement of Mrs. Aquino, the widow of

Benigno S. Aquino Jr., the opposition leader who was assassinated in 1983.

In a separate interview, the head of the National Citizens Movement for Free Elections, a poll-watching organization known as Namfrel, said it was "not possible to have a fair election" in the Philippines at present.

But José Concepción Jr., a businessman who serves as national chairman of Namfrel, said his group would continue working to make the contest as clean as possible amid mounting evidence that "wholesale cheating" is being planned by Mr. Marcos's party.

Both the church and Namfrel have maintained publicity that they are impartial in the presidential contest.

Mr. Concepción said his organization was prepared to part ways with the Marcos-appointed Commission on Elections and conduct its own "Operation Quick Count" to tabulate running totals as election results are reported by Namfrel poll-watchers.

Mr. Concepción charged that, despite Mr. Marcos's recent statements pledging clean elections next week, evidence showed that election returns were being forged, fake ballot boxes produced and other preparations made to steal the election for Mr. Marcos.

In the "joint pastoral exhortation" issued by the bishops conference, the military, police and paramilitary Civilian Home Defense Force were urged "never to allow yourselves to be used as an instrument of election violence and cheating."

In the interview, Mr. Sin praised Mrs. Aquino, 53, as "very courageous" and "a very bright woman."

He said she was "not a naive woman" but a well-educated college graduate with a mathematics



Cardinal Jaime L. Sin

degree who "came out like Joan of Arc" after she agreed to accept a draft and run for president.

Mrs. Aquino also has a reputation as a devout Roman Catholic.

The cardinal also stressed that he and other church leaders were urging poor people to accept bribes if they must from political party leaders seeking to buy their votes, but to vote their consciences anyway on grounds that "any contract that is unjust is not obligatory."

As a result of these appeals, he said, "money is no longer effective now" as a means of attracting votes.

U.S. Denies Interference
The U.S. State Department has denied that the Reagan administration is interfering in the Philippine election by emphasizing the need for political, economic and military reforms. The Associated Press reported from Washington.

"We believe the government of the Philippines understands that the U.S. government supports stability, reform and fair elections in the Philippines," a department statement said Tuesday.

The statement was prepared in response to charges by Blas F. Ople, a cabinet official and Mr. Marcos's campaign manager, that some U.S. officials were trying to cause Mr. Marcos's defeat.



Robert McCormick Smith, secretary of Smithsonian Institution, announced the possible sale of holdings in investment funds that may be doing business with South Africa.

Smithsonian May Sell Controversial Holdings

New York Times Service
WASHINGTON—The Smithsonian Institution has declared that it would sell its \$10.6 million in holdings in international investment companies to meet criticism that the companies might have investments in South Africa.

The decision was a victory for members of Congress who have asserted that the Smithsonian, which gets most of its funds from the federal government, should not be perceived as supporting South Africa's policy of apartheid.

A bill requiring divestiture, sponsored by Representative Mary Rose Oaker, a Democrat of Ohio, was approved by a House of Representatives committee last year and was heading for likely approval on the House floor. Similar sentiment has been growing in the Senate.

The decision to sell the holdings in the investment companies,

which are similar to mutual funds, was praised by Miss Oaker. She added, however, that members of Congress would press the Smithsonian to divest itself of all its holdings connected in any way with South Africa.

Last year, the Smithsonian sold its stock in companies that do business in South Africa but do not adhere to the so-called Sullivan Principles, the voluntary code for American companies that is intended to provide equal employment for South African blacks.

The Smithsonian has retained its holdings in American companies that have subscribed to the Sullivan principles.

"They should be an example of humanitarianism and culture," Miss Oaker said of the Smithsonian after the announcement. "I applaud their decision. It is belated, but I am delighted."

Uganda Rebel Assumes Office

United Press International
KAMPALA, Uganda—Yoweri Museveni, the guerrilla leader whose forces deposed the Ugandan government last weekend, took oath of office making him the head of state Wednesday and promised to work rapidly toward the restoration of democracy.

He said he did not want to be addressed by any title, and urged Ugandans to "simply call me Yoweri."

Tens of thousands of Ugandans came to the Parliament building in Kampala for the outdoor swearing-in ceremony conducted by the chief justice, Peter Allen.

"What has been happening in the last few days is not merely a change of guard—it is a fundamental change," said Mr. Museveni, leader of the National Resistance Army.

In his speech, he promised elections for a parliamentary democracy would be held soon.

Mr. Museveni, 44, pledged to punish "without mercy" those guilty of human rights abuses under the "criminal" regime of Lieutenant General Tito Okello, the deposed head of state.

Diplomats estimate the Ugandan Army has killed as many as 200,000 people in the past five years under General Okello and his predecessor, Milton Obote.

Also on Wednesday, the presidents of Kenya, Rwanda and Zaire met in the eastern Zaire town of Goma to discuss the developments in Uganda, diplomats said.

[Museveni officers said the army chief of staff under the Okello government, Lieutenant General Zedi Maruru, had surrendered to their forces. The Associated Press reported from Kampala.]

Glasgow's Gentrification: Little Benefit for Tories

Despite New Boosterism, Joblessness And Anti-Thatcher Sentiment Persist

By Joseph Lelyveld
New York Times Service
GLASGOW—If it was possible for her to do so, Margaret Thatcher might point to this once beggared, now occasionally gleaming city as an example of an old industrial center that has responded to her calls for the need to adapt to the competitive demands of a post-industrial world.

The awkward truth is, however, that while Glasgow and the surrounding Strathclyde region are regularly held up as a model for the depressed industrial areas south of the border in England, no part of Britain is more disaffected from its prime minister than this one.

The Labor Party, which was routed in southern England in the 1983 election, has the kind of dominance here that the Tories won there.

The disaffection goes beyond party politics, stirring feelings of Scottish nationalism whenever "London" or "Thatcher"—the terms are sometimes used as if they were synonyms—appear especially on the banks of the Clyde, the latest proof of what is seen as this insensitivity was the decision of that far-off power not to intervene to keep British Steel Corp. from shutting down the Gartochill mill in nearby Motherwell.

"She doesn't like Scotland—she wants to close it down," said Clifford Hanley, an author, leaping, as many Scots do, from the particular case of Gartochill to a general conclusion.

"The Tory Party," an executive said, "is a political body whose existence depends on getting votes. It knows where it has to look, and that is not Scotland."

Such "whinging"—British slang for whining, pronounced with a soft "g" to rhyme with hinge—used to be the main theme of Glasgow politicians. Now it comes as an aside, for Glasgow, suddenly infused with the boosterism of U.S. cities like Philadelphia and Boston, is busy singing its own praises.

Civic pride does not take the place of steel mills and heavy manufacturing plants, whose closing has meant the loss of 170,000 industrial jobs in the region in 10 years. But it marks the start of economic diversification into a variety of high-tech and service industries.

On the U.S. model, which was regarded as unattractively aggressive in Britain until conditions got desperate, Glasgow is out selling itself as a convention center, a cultural center, a corporate center, a technology center, any kind of center at all. It also is busily renovating and rebuilding to make such boasts plausible.

A \$34.5-million convention hall has just been opened. Early Victorian warehouses and loft buildings in the city center are being steam-cleaned and gentrified to make living space, wine bars and galleries for young Scottish professionals. The young Scots are being lured back from the suburbs and "new towns" to which their parents flocked after World War II.

Craxi Coalition Wins Key Votes

United Press International
ROME—Prime Minister Bettino Craxi won two confidence votes Wednesday in Italy's Parliament in the struggle to push passage of his 1986 austerity finance bill.

Defeat in either of the votes would have forced Mr. Craxi, 51, to resign his five-party coalition that has been in office since August 1983. The coalition parties were allied in the vote in the Chamber of Deputies, or lower house, to give the government a victory by 343 to 228 in the first ballot and 346 to 226 in the second vote.

The Communist-led opposition opposes key articles of the finance bill on the ground that they tend to dismantle aspects of the welfare state.

Members followed by old-fashioned one-line announcements such as "Cheri" or "Paris, Paris."

The last evening gowns, especially the black lace sheath topped by a billowing green tulle skirt, clearly referred to Balenciaga, the star designer of the 1950s.

The only trouble with Saint Laurent's couture is that it is expressed in such subtle terms that it is bound to be lost on most people.

Things were light and happy at Guy Laroche's, who is now capturing socialites as well as pros. Veronique Peck and her daughter, Cecilia, were there, both wearing clothes by Laroche, whose prices are noticeably cheaper than his Parisian colleagues.

In a bout of French-American patriotism, Laroche opened with a Statue of Liberty draped in white and sprinkled with silver stars, which he followed with tricolor yachting costumes.

This safe collection played up a slim silhouette, with fitted suits and finely draped dresses. Some suits were decorated with trompe l'oeil stitching, or had encrusted black flowers on their curvy pockets.

The usually quiet-as-a-churchyard little white salons of Madame Grès turned into a madhouse as Danielle Mitterrand, the French president's wife, came to the show with Suzanne Mubarak, the wife of the president of Egypt. Tactfully, the press officers sat women from the opposition, including Bernadette Chirac, in another room, but failed to note that they put the Princess Fadia of Egypt (whose husband is the son of the ex-King Faruk) right across from Mrs. Mubarak.

Much will be forgiven to Madame Grès for keeping up the faith well beyond the retirement age. Only she can still come up with "Robes de Pique"—not beach robes, but evanescent white chiffon veils floating over pale green Egyptian-like two-pieces. Many of the daytime clothes are best forgotten, although a couple could get by if she would only whack 10 inches off the hems.

Evening dress, as always, is what matters here, and Grès's handling of the fabrics is a rare experience in the world of haute couture.

Saint Laurent and the Art of Keeping It Simple

By Hebe Dorsey
International Herald Tribune
PARIS—Yves Saint Laurent said it best: "It's a very simple, very pared-down collection, and that's the most difficult thing to do."

A roomful of fans and professionals who came to his spring-summer couture collection on Wednesday fully appreciated it and gave him a rousing ovation. For



Billowy taffeta evening gown by Yves Saint Laurent.

PARIS FASHIONS
although Saint Laurent seems to have given up on his ready-to-wear (the house is said to have hired another designer to do it) he still has the magic touch when it comes to couture.

This field is a sort of private club, a game only a few women can play. Saint Laurent no longer tries to make fashion waves, but he has a highly successful dialogue with some of the richest and most demanding women in the world.

To them, the less-is-more, low-key elegance of this designer is highly understandable and acceptable. The celebrity-studded front row included Paloma Picasso and the actress Catherine Deneuve, who said she never ordered evening dresses from this house but that this time, she found them hard to resist.

Saint Laurent also talked of tenderness. There was not a single jarring note—which tells a lot about Saint Laurent and his vision of womanhood.

Basically, the story boiled down to suits and evening gowns. Unlike his earlier collections where he kept pushing pants, there were very few pants and no leather, as if, again, Saint Laurent was steering clear of anything hard. The suits all featured short jackets, with strong shoulders and slim skirts that stopped just at the knees. The new short jackets, with a curved-in front and slightly loose back, were worn with simple, square-necked silk blouses.

Saint Laurent's other great asset was his sense of color, which had

him combine khaki and blue or faded rose and green.

But it was in the evening wear that Saint Laurent really shone. Here, he relied entirely on a new cut that followed and shaped the body, and he had very few gimmicks. The use of satin, usually a lingerie fabric, made these dresses very sensual. Saint Laurent has made draped dresses before, but his customers somehow never tire of them. This time, he added interest by including some with deep back décolletage.

Embroidery, which can look quite vulgar, was kept to a minimum. The latest kind was clear crystal beads, very light in feeling. Short boleros, made either of quilted cotton or shiny snakeskin, were worn over long crpe or satin columns. Real snakeskin was a favorite detail, used in belts, gloves and handbags. The newest pumps were made of alligator. The evening sweater of past seasons was replaced by evening cardigans, knitted with an alligator motif.

There was a humorous hint of the 1950s in the way the show was

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مكتبة الامم المتحدة

SCIENCE

Florida Project Aims to Preserve the Ecology of the Everglades

IN BRIEF

Pioneers Less Subject to Heart Failure

CHICAGO (WP) — The 19th-century ancestors of a group of men with a genetic predisposition to high blood cholesterol levels lived longer than their descendants, according to a study by University of Utah geneticists.

Women's Sense of Smell Beats Men's

NEW YORK (WP) — It has been found that women can detect and differentiate odors with more accuracy than men, but a University of Pennsylvania study investigating the olfactory abilities of various races finds the female superiority to be universal.

Island Emerging in Hawaii Chain

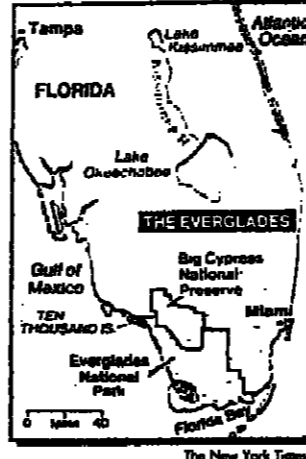
LOS ANGELES (UPI) — A Hawaiian island now submerged beneath the sea is rising slowly in the Pacific in a volcanic process that will involve 2,000 years of quakes, explosions and lava eruptions.

New Technique to Speed Flight Tests

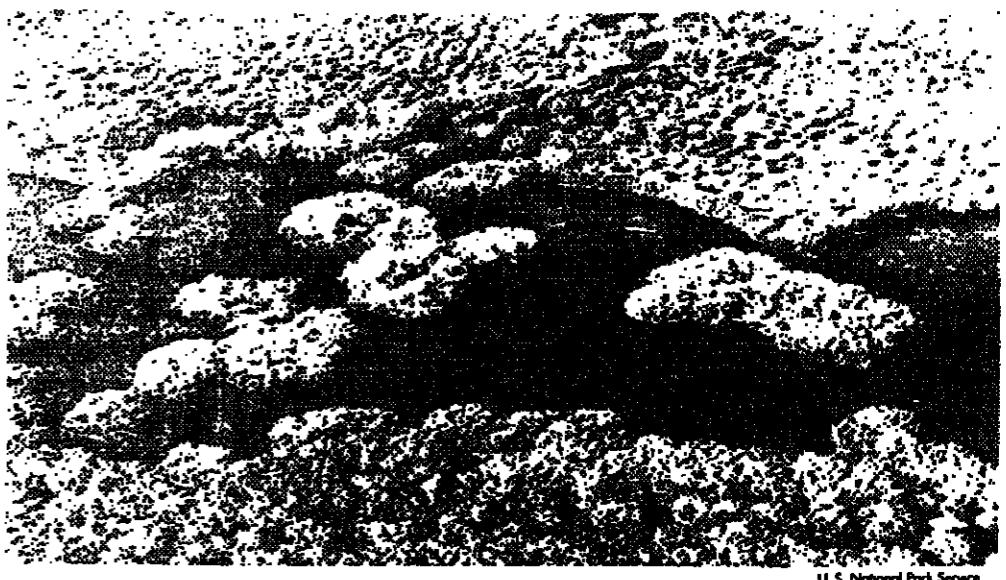
RENO, Nevada (NYT) — Researchers at Princeton University's department of Mechanical and Aerospace Engineering have developed a technique for calculating airflow that will enable aerodynamic engineers to determine the theoretical accuracy of their designs for aircraft at the computer terminal before constructing and testing prototypes.

By Philip Shabecoff

MARCO, Florida — Work has begun on an ambitious effort to undo what officials describe as the nearly lethal damage inflicted on the Everglades by a century of development and exploitation.



branches of mangrove trees, and the sand spits are thick with white and brown pelicans, terns, gulls, cormorants and sandpipers.



Massive ecological damage has been inflicted on the Everglades, scientists say.

The program calls for a river that has artificial channels to be restored to its original bed, for thousands of acres of drained marshland to be re-flooded, for lands cleared for housing and agriculture to be restored to their natural state and sustained efforts to bring back the Florida panther, or cougar, and other wild species, from the edge of extinction.

The state estimates that \$300 million will have to be spent just to acquire land under the program. A coalition of 17 major conservation groups is backing the program, which they regard not only as a last-ditch effort to save the Everglades but as a model for future programs to restore threatened or degraded ecological systems.

Paul C. Pritchard, president of the National Parks and Conservation Association, warned, "We have this year to do what we have to do to protect the Everglades."

He noted that Governor Bob Graham of Florida, author of the Save Our Everglades Reclamation program, was leaving office this year and is expected to run for the Senate. A future governor might not be as supportive of the program, Mr. Pritchard said.

In a speech here, Mr. Graham said restoring the Everglades system was essential if southern Florida was to have the water for future growth and development. Basically, the area is a river 30 miles (80 kilometers) wide and 6 inches (15 centimeters) deep, running 250 miles from central Florida to the state's southern tip.

The governor also said that the Everglades is a great national and international treasure, and called for increased federal support for its rescue.

"In our enthusiasm to build a rich and powerful state, we nearly destroyed the heart of Florida, the Everglades, which continually replenish the richness of the land and

which define its character," Mr. Graham said.

Saving the system means "undoing past mistakes," he said. "Success in this endeavor means turning back the clock 100 years," he said.

"By the year 2,000, the Everglades will look and function more like they did at the turn of the century than they do today."

The Everglades has been called a "river of grass." Seen from the air, it looks like an endless prairie of green and gold, broken by silver-black patches of open water.

Elliptical "tree islands" rise above this liquid prairie, all pointed in the direction of the flow of the water and looking like an enormous school of fish. A white cloud moving rapidly below turns out to be a large flock of snowy wading birds, egrets or white ibis in flight.

The Everglades wetlands, from the Kissimmee River basin in central Florida, through big, shallow Lake Okechobee and into the Everglades proper, form a complex, fragile but unified 3-million-acre (1.2-million-hectare) ecological system. Part of this expanse, which has no parallel on Earth, is the 1.2-million-acre Everglades National Park, the largest after Yellowstone.

The Everglades also contains the Big Cypress National Preserve, wildlife refuges, state parks and preserves, Seminole villages and private farms and homes.

The great flowing sheet of fresh water moving across the Everglades feeds into the Biscayne Aquifer, an underground reservoir that provides water for Miami and the rest of booming southeast Florida.

A short boat trip through the Ten Thousand Islands district on the western edge of the Everglades shows that it still supports a rich wildlife population. Alligators swim quietly in the channels, and cowbirds manatees poke their snouts out of the water for a quick sniff at the air. Bald eagles, ospreys and vultures keep vigil in the high

cross the current road.

Also contemplated and in some places already begun is the building of dikes and levees to redirect water into drained farms and housing development sites, restoring the natural flow in these areas.

One project not in the state's master plan but strongly urged at

where they have been known to

has recommended that it not participate in reclaiming the river.

Colonel Charles T. Myers 3d, district engineer, said the project failed to show sufficient economic benefit to warrant the corps's participation.

A second major project involves replacing an east-west highway that cuts across the heart of the Everglades with an Interstate built in a way that would allow the freer passage of water, and also of the Florida panther.

The highway, known locally as Alligator Alley, bisects the range of the remaining panthers, and nine have died in the past five years after being hit by cars. There are now only 22 Florida panthers known.

The new highway would have 36 underpasses for panthers at areas

to the researchers' laboratories for further examination.

Only a small portion of these rocks have been examined in detail, the researchers said, and new specimens are uncovered every day.

The fossils represent life in the boundary between the Triassic period, which began 240 million years ago, and the Jurassic, which began 200 million years ago.

Reptiles were the dominant land creatures during the Triassic, and the earliest dinosaurs appeared toward the end of that period. By the beginning of the Jurassic, dinosaurs proliferated and dominated the Earth until they vanished 65 million years ago.

The scientists said the new findings point to a catastrophic extinction right at the Triassic-Jurassic boundary, such as an asteroid hitting the Earth, that wiped out more than 40 percent of the land and lake animals of the time.

Some of the more significant finds so far are 12 skulls and jaws of trileteodonts, the reptiles closest evolutionarily to mammals. They are the first found in North America, and represent the largest single collection of these rare fossils in the world, the scientists said.

Other skulls, teeth, jaws and bones unearthed at the site along the water's edge belong to dinosaurs, ancient crocodiles, lizards, sharks and primitive fish. Also found was a series of footprints about the size of a penny made by a sparrow-sized dinosaur, the smallest dinosaur prints known anywhere.

The work, supported by the National Geographic and done in cooperation with the Nova Scotia Museum in Halifax, resulted in the trucking of three tons of rocks from the Canadian site

Fossil Find in Nova Scotia Is Continent's Largest

By Warren E. Leary

WASHINGTON — Scientists have made the largest fossil find in North America, uncovering more than 100,000 bone pieces of animals 200 million years old at a site in Nova Scotia, the National Geographic Society announced Tuesday.

The fossils, representing the crucial period when dinosaurs emerged to become masters of the Earth, were discovered on the shores of the Bay of Fundy, north of the coast of Maine.

Paul E. Olsen, a geologist of Columbia University's Lamont-Doherty Geological Observatory, and Neil H. Shubin, a Harvard University biologist, led the field work that made the discovery last summer.

"Bones were sticking out all over the place. They were everywhere," Dr. Shubin said of the

site, located on the north shore of the bay near Parrishboro.

Some of the more significant finds so far are 12 skulls and jaws of trileteodonts, the reptiles closest evolutionarily to mammals. They are the first found in North America, and represent the largest single collection of these rare fossils in the world, the scientists said.

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NYSE Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Averages table with columns for Index, High, Low, Last, Chg.

NYSE Index table with columns for High, Low, Close, Today's Change.

NYSE Diaries table with columns for Buy, Sales, %Bv1.

AMEX Diaries table with columns for Declined, Unchanged, New Highs, New Lows.

NASDAQ Index table with columns for Week, Year, Close, Noon, Adj, Adj.

AMEX Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diaries table with columns for Advanced, Declined, Unchanged, Total Issues, New Highs, New Lows.

Odd-Lot Trading in N.Y. table with columns for Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Standard & Poor's Index table with columns for High, Low, Previous, Close, Today's P.M. Close.

AMEX Sales table with columns for 3 P.M. volume, Prev. 3 P.M. volume, Prev. cons. volume.

AMEX Stock Index table with columns for High, Previous, Low, Close, Today's P.M. Close.

Large table of stock market data with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 Wk High/Low, Close, Chg. %.

Early Gains Fade on NYSE

NEW YORK — Prices on the New York Stock Exchange were erasing a sharp advance late Wednesday in what appeared to be the heaviest trading so far this year.

The Dow Jones industrial average was up 1.61 to 1,558.03 an hour before the close. Earlier, the Dow was up more than 10 points, above its record close of 1,565.71, set Jan. 7.

Advances were narrowing their lead over declines but were still ahead by an 8-7 ratio with an hour to go before the close.

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

Volume at 3 P.M. amounted to about 169.7 million shares, compared with 120.43 million the same period Tuesday. The heaviest trading day this year was Jan. 8, the day of the Dow's 39.10-point drop, when 180.33 million shares changed hands.

Analysts said the withdrawal from highs early in the day was a natural consolidation after the market's four-day gains. The Dow climbed more than 18 points Tuesday.

Analysts said early strength Wednesday reflected reaction buying on Tuesday's advance. Optimism about lower interest rates, generated by the Bank of Japan's decision to cut its discount rate, helped propel the market higher, they said.

Statements by the Federal Reserve Board governor, Martha Seger, asserting that inflation would steady in 1986 were also helpful, they said.

Table of stock market data with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 Wk High/Low, Close, Chg. %.

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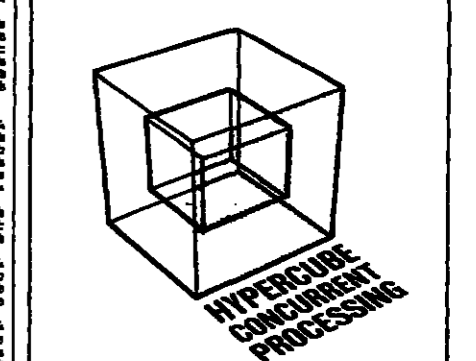


Table of stock market data with columns for 12 Month High/Low, Stock, Div. Yld. PE, 52 Wk High/Low, Close, Chg. %.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: High, Low, Stock, Div, Yld, PE, High, Low, Stock, Div, Yld, PE. Contains stock market data for various companies.

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REGULAR QUARTERLY DIVIDEND 57.5¢ per common share. Includes details about the dividend and contact information for Panhandle Eastern Corporation.

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Herald Tribune advertisement featuring a photo of leaders and the headline 'Commit Leaders Vow to Push for an Economic Recovery'.

2for1 advertisement for the International Herald Tribune, offering a special rate for new subscribers.

Tokyo Pacific Holdings N.V. advertisement with logo and details about the company's listing on the Amsterdam Stock Exchange.

REPUBLIC TUNESIEN advertisement for the modernization of the phosphate plant, including technical details and contact information.

EUROPEAN INVESTMENT BANK advertisement for DM 300,000,000 6% Deutsche Mark Bearer Bonds of 1986/1996, listing participating banks.

Handwritten Arabic text at the bottom of the page.

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per common share

Payable: March 15, 1986

Record: February 21, 1986

Declared: January 29, 1986

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Continued on Page 10

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Herald Tribune

BUSINESS/FINANCE

U.S. Stocks Report, Page 7

Page 9

WALL STREET WATCH

Fewer Dividend Increases Seen, Even if Profits Rise

By VARTANIG G. VARTAN

NEW YORK—Stockholders tend to love dividend increases. But despite prospects for rising corporate profits in 1986, there probably will be fewer dividend increases than in 1985, a year when profits declined slightly. That is the forecast of Arnie Kaufman, editor of Standard & Poor's Outlook.

Actually, last year was no bell-ringer for sweetened dividend payments. A total of 1,560 increases was reported for 1985. This was the lowest number since 1971, with 885 dividend increases. "In the early part of an economic expansion, you don't see too many companies raising their dividends," Mr. Kaufman said. "The largest number of increases typically occurs mid-way through a business expansion."

The current expansion began in November 1982, a year that saw 1,590 dividend increases. Then in 1983, when the pace of business quickened, there were 1,839 increases, the peak number, so far, for the current economic cycle, followed by 1,774 increases in 1984.

Nonetheless, it is a sure bet that many companies will sweeten their dividend payments to share owners this year. This does not necessarily mean that the stock prices will go up as a result. But experts agree that a relatively high dividend offer offers a sort of safety net for the price of a company's stock.

"Dividend yields on common stocks have become more attractive as sharp declines in interest rates have made returns on fixed-income investments less appealing than they were previously," according to the Merrill Lynch Market Letter. "Prospects of dividend increases are another factor that should add to the attraction of many stocks."

One way to select companies as likely candidates for dividend increases is to find those that have shown good records. Accordingly, in presenting its list of candidates, each of which is expected to raise payments by at least 5 percent during the next year, the Merrill Lynch publication focused on companies that have increased their dividends at a compounded annual rate of 10 percent or more over the last five years. Moreover, the current dividend yields on most of these stocks now are higher than the average return of 3.5 percent in Standard & Poor's industrial index of 400 issues.

BANK STOCKS are well represented among the dividend increase candidates. These include Banc One Corp., Citizens & Southern Georgia, First American Tennessee, Fleet Financial, NCNB Corp., PNC Financial and SunTrust Banks. Other prospects for dividend increases range across a broad spectrum of industry groups, from A.T. Cross, ServiceMaster Industries, Sara Lee and Safeco to Federal Sign, Emerson Electric, K mart, Norfolk Southern, Genuine Parts and May Department Stores.

The seven regional Bell telephone companies that were divested at the start of 1984 from American Telephone & Telegraph Co. are all viewed by analysts as leading candidates for dividend increases in the opening quarter of this year. Earlier this week, BellSouth Corp. weighed in with the first quarterly increase of the group, to 76 cents a share from 70 cents formerly.

Neil Yelsey, who follows telecommunications services for Salomon Brothers, said he expects the other six regional companies to increase their cash dividends by an average of 6 percent to 7 percent during the first quarter. These regional, popularly known as Baby Bells, are Ameritech, Bell Atlantic, Nynex, Pacific Telesis, Southwestern Bell and U S West.

Prospects for dividend growth should be a key consideration for investors in electric utility stocks, according to William L. Dunn Jr., an industry analyst for Piper, Jaffray & Hopwood in Minneapolis. "Everybody looks at current yield, but that's only (Continued on Page 13, Col. 5)

New Offer Made on Westland

European Group Seeking 21%

By Bob Hagerty

LONDON—Lloyds Merchant Bank announced Wednesday a £16.4-million (\$23-million) offer to buy up to 21 percent of Westland PLC, marking another surprise turn in the struggle over the near-bankrupt maker of helicopters.

Lloyds is acting on behalf of the consortium of five European companies that is seeking to acquire a minority stake in Westland as part of a financial rescue.

Westland's board strongly opposes that effort and has pushed instead for a rival rescue plan involving the sale of a minority stake to U.S.-based United Technologies Corp. and Fiat SpA of Italy.

A Westland spokesman said Wednesday night that the board still favored the U.S.-Italian rescue. "It's frustrating tactics yet again," he said of the Lloyds offer.

A Lloyds official agreed that the move was aimed at blocking the U.S.-Italian rescue, on which Westland shareholders are due to vote Feb. 12, and opening the way for acceptance of the European plan.

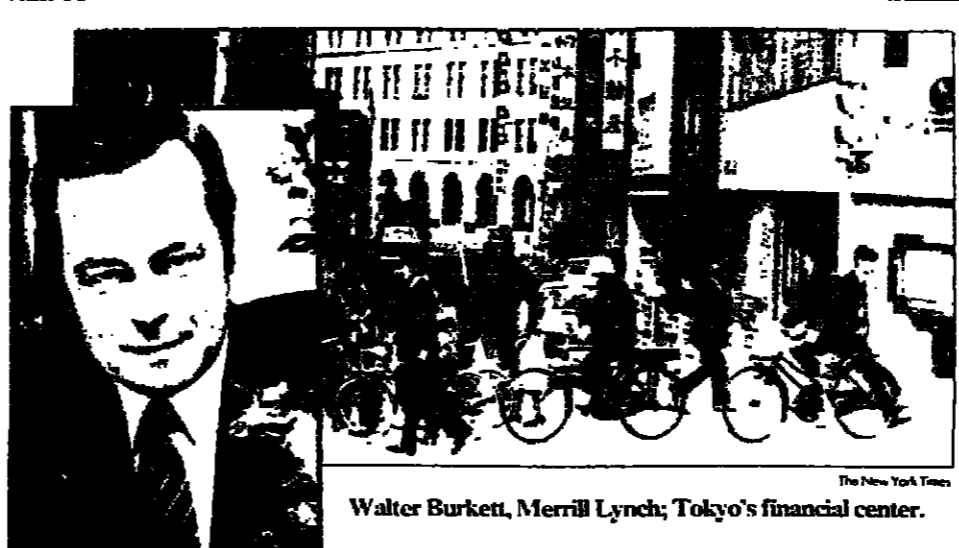
The move threatens to prolong a political dispute over the merits of the rival rescue plans. That dispute has led to the resignations of two British cabinet ministers this month.

Lloyds said it was offering 130 pence apiece for up to 12.6 million shares in Westland. Before the offer was announced, Westland shares had closed on the London Stock Exchange at 116 pence, up 13 pence from Tuesday.

The Lloyds offer is open until Feb. 8 and is conditioned on receipt of at least 20.2 percent of Westland's ordinary shares.

Lloyds and General Electric Co. of Britain, a member of the European consortium, already hold about 6 percent of Westland. Assuming that the offer succeeds in attracting a further 21 percent, the consortium would control about 27 percent of the company.

Other opponents of the U.S.-Italian rescue, including Alan Britton, the former owner of a helicopter-rental service, are believed to (Continued on Page 11, Col. 7)



Walter Burkett, Merrill Lynch, Tokyo's financial center.

Fledglings on the Tokyo Exchange

U.S. Debut Was Months, Even Years, in the Making

By Susan Chira

TOKYO—On Christmas Day 1984, Merrill Lynch Japan was one disappointed company. Dai-Itsu Securities had just announced that it was awarding its vacant seat on the Tokyo Stock Exchange—the first seat ever open to a foreign securities company—not to Merrill Lynch but to a Japanese firm. Merrill Lynch lost out to a higher bid and, some suspected, to the network of relationships that link Japan's financial world.

A little more than a year later, the unit of Merrill Lynch & Co. is one busy company, racing to prepare for its debut Saturday as the first foreign member of the Tokyo Stock Exchange. Five other foreign companies, including Morgan Stanley & Co. and Goldman, Sachs & Co., will send their brokers onto the floor in the next few months.

The foreign presence on the exchange is the most visible symbol of the changes that have been sweeping Japan's financial markets. Driven in part by the swelling of private savings, the Japanese have been easing the restrictions that have stifled their markets and have limited the ways in which individuals and institutions could invest money.

In the past 18 months, the Japanese government has relaxed regulations on foreign-currency speculation and has created several new internationally traded securities. As a result, Japanese capital has flowed abroad, and a lively market in U.S. Treasury bonds has sprung up in Kabutocho, the Tokyo equivalent of Wall Street. Trading volumes have soared. Staffs at foreign securities houses have doubled or tripled. And at long last, foreign brokerage houses are getting seats on the Tokyo Stock Exchange—and a shot at millions of dollars in new brokerage fees.

But the breakthrough is not coming easily. At the Tokyo Exchange, the newcomers sense a certain wariness on the part of some of their competitors.

"For companies who are facing foreign members for the first time, they may be taking this as a kind of 'black ship' invasion," said David S. Phillips, managing director and general manager of Morgan Stanley's Tokyo branch. The "black ship" refers to the fleet of Commodore Matthew Perry,

who forced open Japan's doors in 1853 after centuries of isolation.

Along the route to membership, the companies have run into some interesting problems. Merrill Lynch, for example, only recently discovered that it was expected to provide its floor staff with a lounge area for the break between the morning and afternoon sessions. So the company had to rent space in a nearby apartment building, a considerable expense in downtown Tokyo.

At Morgan Stanley, Hidekichi Tanaka labored for months as the head of Morgan's in-house committee on the stock exchange. To obtain stock exchange membership, one does not simply fill out forms and send them along. The contents of the applications, including detailed information about Morgan's finances, its executives and its stock-trading practices, were the subject of endless meetings with officials of the exchange and the Finance Ministry. Once the exchange selected three U.S., three British and four Japanese companies last fall for 10 unfilled seats, it began running seminars to orient the new members and explain the cumbersome procedures.

Then came the tasks of installing computer systems linked to the exchange, recruiting employees and sending them to a Tokyo Exchange training program that includes the teaching of standard hand signals for trading and the exact routes that must be traveled between company booths on the floor and other trading booths.

In hiring, Morgan Stanley received some unexpected help from its Japanese competitors. For years, Mr. Phillips said, Morgan Stanley's New York office had invited Japanese companies to participate in underwritings. Now, he said, Japanese concerns are repaying the favor by recommending employees with experience on the exchange floor. Competitors are also lending a hand to Merrill Lynch—last week, Nomura Securities gave two of Merrill's American bilingual floor traders some advance on-the-job training.

Neither Morgan nor Merrill would say how much money it has spent preparing to join the exchange, other than the \$5-million membership fee—high by the standards of the New York Stock (Continued on Page 13, Col. 1)

Bank of Japan Trims Key Rate To Spur Growth

TOKYO—The Bank of Japan said Wednesday that it will cut its official discount rate to 4.5 percent from 5 percent in an effort to stimulate the Japanese economy and help compensate for a surge by the yen to a seven-year high against the U.S. dollar.

The reduction, effective Thursday, follows a government pledge to the United States and other industrialized allies to bolster domestic demand. It also was aimed at counteracting a recent slump in exports because of the high yen value and a sluggish U.S. economy.

"The Bank of Japan has decided to lower its official discount rate in the expectation that this measure will promote a balanced growth of the economy led by domestic demand and also contribute to further adjustment of the external imbalance," the Bank of Japan governor, Satoshi Sumita, said.

The discount rate is the rate charged by the central bank for loans to commercial banks. It has stood at 5 percent since it was last reduced in October, 1983.

Newspaper reports predicted that interest rates on bank deposits and the postal ministry's savings program also would dip a half percentage point sometime in February. Such a cut would be the first since January, 1984.

Foreign exchange and bond-market analysts had been predicting a cut in the Japanese discount rate and have said such a move would increase prospects that the U.S. Federal Reserve Board would accommodate a further decline in interest rates in the United States.

On the Tokyo market, the yen had strengthened in Tokyo from a close of 201.83 yen to the dollar last Thursday to a close of 194.30 yen on Wednesday before the central bank acted. About 11 months ago, when the dollar was reaching record heights against European currencies, the U.S. currency traded for more than 260 yen.

The strong yen has particularly hurt small and medium-size Japanese exporters by raising the price of Japanese goods relative to those produced overseas.

Since last September, when the finance ministers of Japan, the United States, Britain, France and West Germany agreed to cooperate

North Sea Brent Falls Another \$2

LONDON—Prices for Britain's North Sea crudes fell by around \$2 a barrel on the spot market Wednesday morning from Tuesday's European closing levels, traders said.

The drop was prompted in part by American Petroleum Institute weekly figures on Tuesday showing that U.S. crude stocks had risen 7.2 million barrels in the latest week, they said. The decline also was seen as continued bearish reaction to Prime Minister Margaret Thatcher's statement on Tuesday that her government had not changed its policy of nonintervention in North Sea oil production.

The sharp drop followed price declines in the United States. Sellers of Brent for March and April loading were asking \$18 a barrel, down from \$19.90 in late afternoon trading on Tuesday. One sale for March delivery was confirmed at \$17.95 a barrel, they said.

Latin Nations Dropping Deeper Into Debt Trap

By Carl Gewirtz

LONDON—Latin American debtors and their Western commercial bank creditors appear to be on a collision course, the result of a serious misreading of the signals that each group is sending to the other.

This was made apparent at a two-day meeting in London this week titled "Beyond the Debt Crisis—Latin America: The Next 10 Years."

The conference—addressed by senior government officials from seven Latin nations, commercial bankers and officials of the multilateral financial and development agencies—was sponsored by the Inter-American Development Bank and the International Herald Tribune. The two-day meeting ended Tuesday.

The message from the debtor countries was that 3½ years after the onset of the crisis, they are up to their elbows in the debt trap. Accumulating ever-more debt to pay the interest on the earlier debt to avoid default, the debtor countries are at their limit of domestic belt-tightening.

This austerity, measured by sharply slowed growth, rising unemployment and declines in per-capita income, has not improved their financial situation.

"The political and social repercussions" of the austerity measures, Jesús Silva Herzog, Mexico's finance minister, told the meeting, "are very serious. They threaten the stability of our societies and seriously undermine the remarkable democratic process which has taken place in Latin America in the last few years."

The Latin ministers were unanimous in asserting that the answer to their problems is faster growth—more exports to earn foreign currency to pay their debts, more jobs to relieve the social tensions and more domestic income to raise tax revenues and further reduce domestic budget deficits.

This would require not only sustained expansion in the industrialized countries to draw in imports and a reduction in protectionist trade barriers to Latin exports, but also additional foreign finance to bolster economic development in the debtor countries.

The ministers welcomed last year's proposal by U.S. Treasury Secretary James A. Baker 3d. The plan calls on commercial banks to increase their lending to the 15 most heavily indebted countries by \$20 billion during the next three years and the multilateral development banks to add \$9 billion to their planned outlays over the period, bringing their disbursements to \$20 billion. But they were also unanimous in saying that that is not enough.

"In total," said Mr. Silva Herzog, "\$40 billion net over the next three years to 15 countries which owe around \$430 billion, and which pay almost \$40 billion per year in interest only" is "insufficient to tackle the goal of resuming growth while continuing to service the debt."

"It can obtain the latter, but not the former, and without growth, the debt problem will not disappear."

The view from the West is quite different. Speakers representing the International Monetary Fund and the World Bank and, from the private sector, Citibank and Deutsche Bank, praised the Baker plan.

There was no questioning the adequacy of the sums proposed and much stress on the fundamental thesis of the plan.

The thesis includes continued progress in adjustment, namely re- (Continued on Page 11, Col. 1)

Where will the smart money go in 1986?

The new edition of Merrill Lynch's *Market Trends* explains why 1985's bull market could carry U.S. share prices higher in early 1986. Merrill Lynch analysts also believe that a correction could develop by spring.

Despite the potential risks in the months ahead, Merrill Lynch recommends that investors continue to implement long-term investment programs and emphasizes that quality is the place to be.

That's why the new *Market Trends* also contains a list of quality U.S. shares that we would expect to be less vulnerable in market setbacks and attractive in market advances.

For your free copy, telephone London 01-382-8850 or the Merrill Lynch office nearest you. Or simply mail in the coupon.

Mail to: Merrill Lynch, Pierce, Fenner & Smith, Ltd., Attn: WS. Elliott, 26 Finsbury Square, London EC2A 1AQ, United Kingdom

Please send me your free report on *Market Trends*.

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Business Phone _____

Merrill Lynch customers, please indicate name and office address of your Financial Consultant.

MTHTA 301

Currency Rates

Cross Rates		Jan. 29	
	Jan. 29	Jan. 28	Jan. 27
Amsterdam	2.49	2.48	2.47
Brussels	46.85	46.80	46.75
Frankfurt	2.28	2.27	2.26
London (b)	1.4035	1.4030	1.4025
Milan	1,625.00	1,624.00	1,623.00
New York (c)	110.2	110.1	110.0
Paris	7.20	7.19	7.18
Tokyo	194.75	194.60	194.45
Zurich	2,819	2,818	2,817
1 ECU	0.98	0.97	0.96
1 SDR	1,109.9	1,109.0	1,108.1

Closings in London and Zurich. Rates in other European centers. New York rates of 2 P.M. (c) Commercial time. (d) Amounts needed to buy one pound (£1) amount needed to buy one dollar (\$1) (e) Unit of 100 U.S. cents. (f) Unit of 100 U.S. cents. (g) Unit of 100 U.S. cents. (h) Unit of 100 U.S. cents. (i) Unit of 100 U.S. cents.

Source: Reuters, London. (1) To buy one pound: \$1.5340

Other Dollar Values

Currency per U.S.	Jan. 29	Jan. 28	Jan. 27
Australian	1.4817	1.4812	1.4807
Belgian franc	40.34	40.29	40.24
Canadian dollar	0.7615	0.7610	0.7605
Chinese yuan	2.2915	2.2910	2.2905
Danish krone	8.05	8.04	8.03
French franc	6.55	6.54	6.53
German mark	3.37	3.36	3.35
Italian lira	1,936	1,935	1,934
Japanese yen	194.75	194.60	194.45
Netherlands guilder	3.76	3.75	3.74
Portuguese escudo	200.48	200.43	200.38
Spanish peseta	166.64	166.59	166.54
Swedish krona	8.46	8.45	8.44
Swiss franc	2.00	1.99	1.98
West German mark	3.37	3.36	3.35

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Wednesdays NYSE Closing

Tables include no nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High, Low, Stock, Div. Yld. PE, 52 High, Low, Open, Close, Chg. Includes various stock listings.

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REGIE NATIONALE DES USINES RENAULT INTERNATIONAL ISSUE OF FF 200.000.000.- 7.25 % 1972/1987

U.S. Futures

Jan. 29

Grains

Table with columns: Season High, Low, Open, High, Low, Close, Chg. Includes Wheat, Corn, Soybeans, etc.

Metals

Jan. 29

Table with columns: Season High, Low, Open, High, Low, Close, Chg. Includes Copper, Silver, Gold, etc.

Industrials

Jan. 29

Table with columns: Season High, Low, Open, High, Low, Close, Chg. Includes various industrial stocks.

Stock Indexes

Jan. 29

Table with columns: Index Name, High, Low, Open, High, Low, Close, Chg. Includes NYSE, Dow Jones, etc.

London Commodities

Jan. 29

Table with columns: Commodity, High, Low, Bid, Ask, Previous. Includes Sugar, Cocoa, etc.

Paris Commodities

Jan. 29

Table with columns: Commodity, High, Low, Bid, Ask, Previous. Includes various commodities.

Livestock

Jan. 29

Table with columns: Season High, Low, Open, High, Low, Close, Chg. Includes Cattle, Hogs, etc.

Financial

Jan. 29

Table with columns: Instrument, High, Low, Open, High, Low, Close, Chg. Includes Treasury bonds, etc.

Commodity Indexes

Jan. 29

Table with columns: Index Name, High, Low, Open, High, Low, Close, Chg. Includes various commodity indices.

Asian Commodities

Jan. 29

Table with columns: Commodity, High, Low, Bid, Ask, Previous. Includes various Asian commodities.

Cash Prices

Jan. 29

Table with columns: Commodity, Unit, Price, Change. Includes various cash prices.

Dividends

Jan. 29

Table with columns: Company, Dividend, Yield, Ex-Dividend Date.

Food

Jan. 29

Table with columns: Commodity, High, Low, Bid, Ask, Previous. Includes various food commodities.

Market Guide

Jan. 29

Table with columns: Market Name, High, Low, Open, High, Low, Close, Chg.

Taiwan Predicts Greater GNP Growth

TAIPEI — Taiwan's gross national product is expected to grow 6.3 percent this year because of rising domestic investment...

U.S. Treasuries

Jan. 29

Table with columns: Treasury Name, High, Low, Bid, Ask, Previous.

London Metals

Jan. 29

Table with columns: Metal, High, Low, Bid, Ask, Previous.

S&P 100 Index Options

Jan. 29

Table with columns: Option Name, High, Low, Bid, Ask, Previous.

Currency Options

Jan. 29

Table with columns: Currency, High, Low, Bid, Ask, Previous.

To Our Readers

Floating Rates Notes were not available in this edition because of technical problems.

To Our Readers

The Deutsche mark futures options were not available in this edition because of transmission delays.

WHAT WOULD LIFE BE LIKE WITHOUT IT?

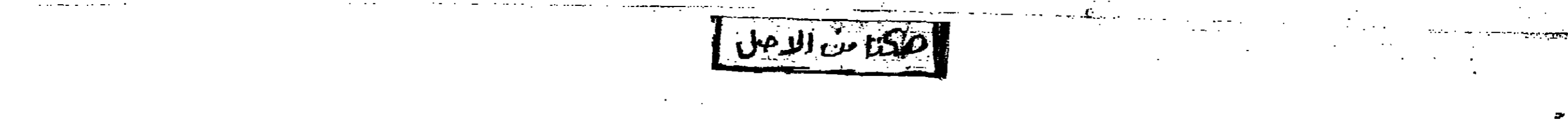
WEEKEND EACH FRIDAY IN THE IHT

WHAT WOULD LIFE BE LIKE WITHOUT IT?

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WEEKEND EACH FRIDAY IN THE IHT



BUSINESS ROUNDUP

Thyssen Net Up Sharply; Payout May Be Restored

By Warren Getler
International Herald Tribune
DUSSELDORF — Thyssen AG more than doubled net profit to 472.4 million Deutsche marks (\$196 million) in fiscal 1985, ended Sept. 30, from 181 million DM a year earlier, the chairman, Dieter Spethmann, said Wednesday.

Du Pont Posts 23.2% Gain In Earnings

WILMINGTON, Delaware
Du Pont Co. reported Wednesday that 1985 fourth-quarter net profit rose 23.2 percent to \$377 million, from \$306 million in the fourth quarter of 1984.

Siemens Net Jumps 43%; Firm Seeks Capital Increase

MUNICH — Siemens AG reported Wednesday that world group net profit for the last fiscal year jumped 43 percent, to 1.53 billion Deutsche marks (\$637 million), from 1.07 billion DM the previous year.

Metal Exchange In London Says It Needs Loan

LONDON — The London Metal Exchange needs a bridging loan of about £300 million (\$421 million) from the British government to deal with the problems posed by the tin crisis, the exchange's chairman, Jacques Lion, said Wednesday.

New European Westland Bid

(Continued from Page 9)
Westland's chairman, Sir John Cuckney, has returned that the company would rather collaborate with Sikorsky and Fiat than who he has described as "a protectionist European cartel."

COMPANY NOTES

Allied-Signal Inc. expects to take a charge of up to \$700 million in the fourth quarter, giving it a loss for the year ended Dec. 31. It did not estimate the size of the loss. The company was formed last September by the merger of Allied Corp. and Signal Cos.

COMPANY NOTES

Mikuni Corp. to manufacture injection valves for the auto industry. The new company, to be called Nippon Injector KK, will be 40 percent owned by Mikuni, 30 percent by Mikuni and 30 percent by Bosch.

\$2-Billion Investment Seen in Taiwan Funds

TAIWAN — Taiwanese companies and individuals are expected to invest at least \$2 billion by the end of June in mutual funds set up by three Taiwanese banks, a Bank of Taiwan official said Wednesday.

Moët-Hennessy

MOËT-HENNESSY ANNOUNCES STOCK DIVIDEND AND 1985 REVENUE INCREASE OF 12 PERCENT... RECONFIRMS EARNINGS GROWTH ESTIMATE OF 25 PERCENT

Latins Fall Deeper Into Debt Trap

(Continued from Page 9)
ducing budget deficits (by, among other things, reducing state subsidies), restraining inflation (by eliminating wage indexation), curtailing capital outflows through realistic exchange rates and domestic interest rates.

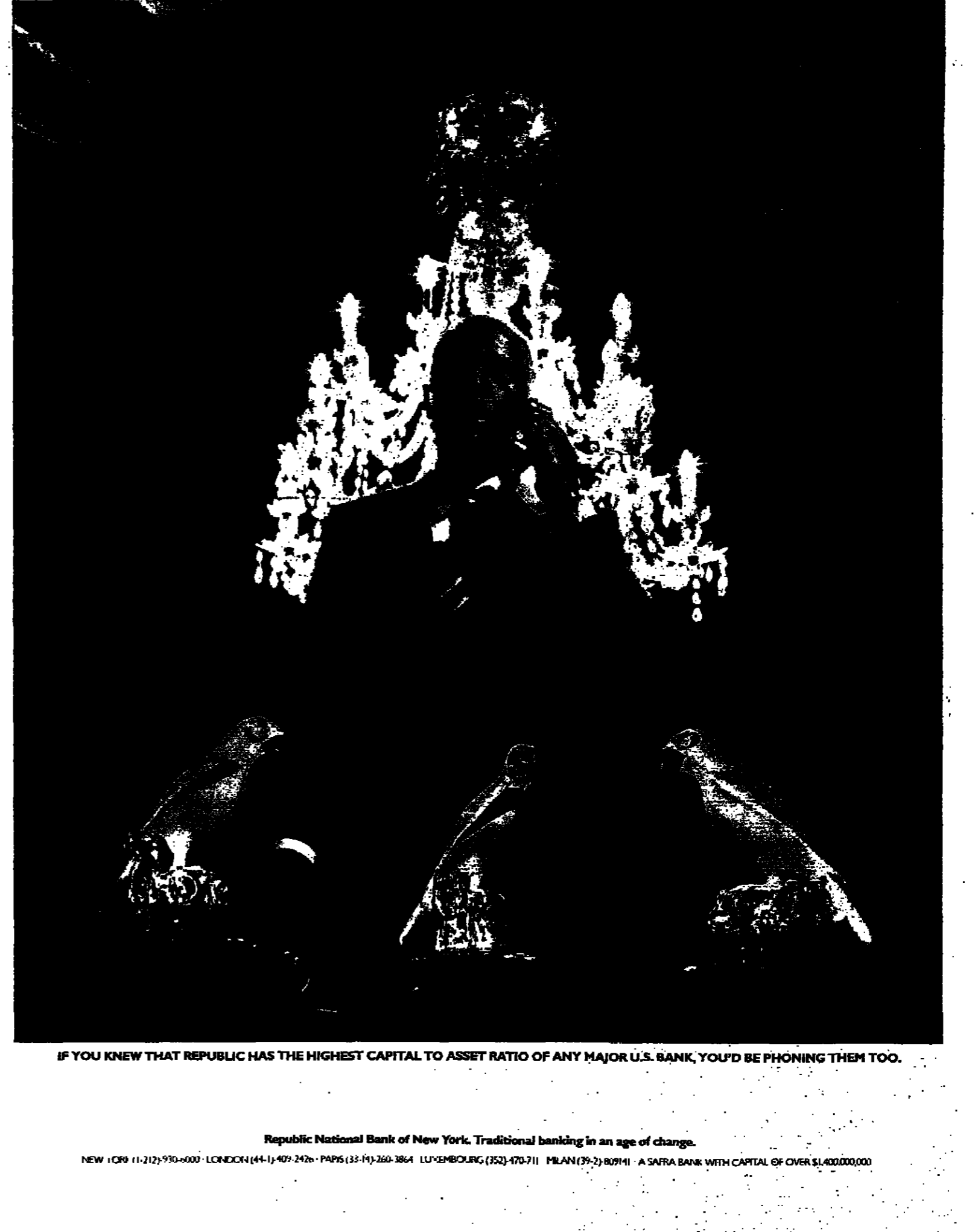
provides interest-free loans to the poorest nations, a senior World Bank official said Wednesday, Agence France-Press reported from Paris.

Company Results

Table with columns for Company Name, 1985 Revenue, 1985 Net Inc., 1985 Per Share, 1984 Revenue, 1984 Net Inc., 1984 Per Share. Includes companies like British Gollhofer, Canada Suncor, United States Allis-Chalmers, American Hammermill Paper, etc.

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Republic National Bank of New York. Traditional banking in an age of change.

Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	ADP	1.5	100.00	98.00	ADP	1.5
100.00	98.00	AMC	1.5	100.00	98.00	AMC	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AMC	1.5	100.00	98.00	AMC	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

High	Low	Stock	Div. Yld. PE	High	Low	Stock	Div. Yld. PE
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5
100.00	98.00	AAI	1.5	100.00	98.00	AAI	1.5

NOTICE OF REDEMPTION

To the Holders of

SYBRON OVERSEAS CAPITAL N.V.

8% Guaranteed Sinking Fund Debentures Due March 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Article Three of the Indenture dated as of March 1, 1972 providing for the above Debentures, \$1,203,000 principal amount of said Debentures have been selected for redemption on March 1, 1986, through operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, each in the denomination of \$1,000 bearing serial numbers as follows:

DEBENTURES BEARING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

12	14	16	24	44	46	48	57	61	65	70	76	82	87	89	91	96
13	15	17	25	45	47	49	58	62	66	71	77	83	88	90	92	97

ALSO OUTSTANDING DEBENTURES BEARING THE FOLLOWING NUMBERS:

1117 2517 3817 4817 4917 5017 5517 5617 6717 6917 8217 8317 8917 9117 14817 14917

On March 1, 1986, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London and Paris and Bank Mess & Hope N.Y. in Amsterdam, Morgan Grenfell & Co. Limited in London, Credit Romagnolo S.p.A. in Milan, and Banque de Paris et des Pays-Bas pour le Grand Duché de Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account with a bank in the City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% if payee not recognized as exempt recipient fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9 certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due March 1, 1986 should be detached and collected in the usual manner. On and after March 1, 1986 interest shall cease to accrue on the Debentures herein designated for redemption.

SYBRON OVERSEAS CAPITAL N.V.

Dated: January 21, 1986

Japanese Firms Say Gas Project in Canada Dropped

Reuters

TOKYO—Japanese and Canadian companies have agreed to drop a proposed liquefied natural gas project in Canada, Japanese companies involved in the project said Wednesday.

Kinichiro Tsukada, vice president of Chubu Electric Power Co., a potential major buyer of the gas, said that the four Japanese buyers made their decision because of uncertainty as crude oil prices continue to fall. He said the Japanese and Canadian sides failed to agree on pricing and financing guarantees for the project. He did not elaborate.

The other three buyers were Kyushu Electric Power Co., Chugoku Electric Power Co. and Tohoku Gas Co. The project called on suppliers to export 2.35 million tons of LNG a year produced in Alberta and British Columbia to Japan over 20 years from mid-1989.

Talks on the project were stalled for a while after the Canadian project manager, Dome Petroleum Ltd., dropped out in 1984. In May of last year, Nissho Iwai Corp. and four Canadian companies, Mobil Oil Canada Ltd., Petro-Canada Inc., West Coast Transmission Ltd. and Sunco Inc., set up a consortium to handle the project.

Bid for Distillers Is Extended

Reuters

LONDON—Argyll Group PLC said Wednesday that it had received acceptances under its 10.7 million share, or 2.95 percent of the total. The £1.8-billion (\$2.53-billion) offer is extended until Feb. 15.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Jan. 29, 1986

Not exact value securities are supplied by the Funds listed with the exception of some shares based on issue price. The market value indicates frequency of quotations supplied: (D)—daily; (W)—weekly; (M)—monthly; (B)—bi-monthly; (R)—regularly; (I)—irregularly.

Fund Name	Value	Fund Name	Value
ALMAL MANAGEMENT	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29

The Daily Source for International Investors.

International Herald Tribune

Line to Urge: Flexibility on West Trade

Soviet Union Intensifies Its Campaigns Against NATO Missile Program

Fund Name	Value	Fund Name	Value
ALMAL MANAGEMENT	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29
ALMAL Trust	12.24	FIC European	17.29

U.S. Firms Prepare for Debut on Tokyo Exchange

(Continued from Page 9)

Exchange, where a seat currently trades for \$480,000. But Tokyo officials argue that the fact that the memberships are corporate and limited to 53 makes them worth the price. In New York, by comparison, a company must buy a separate seat for each employee trading on the floor.

Walter J. Burkett, senior vice president and general manager of Merrill's Tokyo office, agrees. His firm and Morgan Stanley have paid commissions for years to Japanese brokers to handle their stock trades on the exchange floor. With membership, that expense ends and both companies gain access to a flow of commission income, not only from the rising number of Americans trading in Japanese stocks but also from Japanese customers, for whom the prestigious membership is a drawing card. Mr. Phillips and Mr. Burkett anticipate their companies will earn back the price of membership within three years.

To accumulate expertise on Japanese companies and stocks, Merrill has assembled since 1981 a staff of 10 analysts. When Merrill begins trading on Saturday, moreover, there will be at least one American on the trading floor—a bilingual employee who once worked as a floor trader for a Japanese securities company.

Morgan Stanley, which had 40 employees in 1983, now boasts a staff of 150 (they are not all devoted to Japanese equities) and plans to expand to 250 by the end of the year, Mr. Phillips said. Of these, about 30 are non-Japanese, although Morgan plans to reduce that number.

"It may be Morgan Stanley, but this is a Japanese company, and we want people to see that our branch is being supported and managed by Japanese nationals," said Mr. Phillips, who is himself Japanese but who was adopted by Americans.

For both Morgan and Merrill, however, most of the business in Japan is still in U.S. dollar instruments—Treasury bonds, American stocks and fixed-income corporate bonds that Japanese investors are purchasing in growing amounts. Neither Morgan nor Merrill would say how much money it earns in Japan, nor how large a percentage of their worldwide revenue comes from Japan. But both believe they will substantially increase their earnings as a result of stock exchange membership and deregulation.

The new opportunities for foreign companies have not noticeably removed the special requirements—some would say special frustrations—of doing business in Tokyo as a foreign financial institution.

Foremost among them is a problem common to any foreign business here—breaking into a close-knit community where loyalties and traditions run deep and where a better price alone will not suffice to disrupt the relationships that bind companies and clients.

"You could characterize foreign firms as concentrating on making the best deal, in contrast to the Japanese practice of sticking with loyal friends," said a U.S. Embassy official familiar with Japan's financial system. "Being here a long time counts for a lot."

That was a lesson foreign securities firms learned when they applied to the Tokyo Stock Exchange for seats. Ten foreign and eight Japanese firms competed for the 10 available seats, and almost without exception the exchange awarded the seats to the foreign companies who had established presence in Japan. First Boston Corp., which flew in top executives to press for a seat, was told quietly that it had little chance of obtaining one because the firm had only received permission to operate a branch office in the past year.

Customers, too, like to observe the performance of a firm over the long term before committing themselves. Merrill Lynch's seniority in Japan—it has helped it to compete with such Japanese giants as Nomura Securities Co. for corporate clients. But Merrill has had to court customers more assiduously here than anywhere else it trades, Mr. Burkett said.

"In New York or London, you can make a call on a client, and if the ideas and presentation are good and if it presents an opportunity for a client, you can win a deal," he said. "In Japan, that will never happen. They say, 'We must get to know you, we must be able to evaluate you.'"

Just the other day, Merrill got the nod from a large trading com-

pany it had been cultivating for more than two years, Mr. Burkett said. Merrill's aim was to persuade the company to invest in foreign securities. After salesmen paid the first visit two years ago, Merrill put the company on its mailing list, and salesmen regularly paid courtesy calls. "They said, 'We've studied you and now we're ready to do business,'" Mr. Burkett said.

Morgan Stanley's clients include such blue-chip companies as Nippon Steel Corp., Hitachi Ltd. and Ricoh Co., and Mr. Phillips describes Morgan as the dominant player in Japanese acquisitions. Morgan assisted Fuji Bank's acquisition of Walter E. Heller International Corp. and Nippon Kokan's venture with National Steel Corp.

Merrill lists among its clients such companies as Honda Motor Co., Toyota Motor Corp., Mitsubishi Corp. and Nippon Life Insurance Co. Generally, Mr. Burkett said, these companies will come to a company like Merrill because they are interested in foreign investments, so it is rare that Merrill will actually take an account away from a Japanese company.

But he said that Merrill's Japanese competitors are acutely aware of Merrill's activity. At one time, when Merrill had increased its share of the Eurodollar bond market here, a major Japanese rival convened a meeting of its staff.

"In this documented instance, the company said, 'Are we going to let this happen? And we got more aggressive,'" Mr. Burkett said.

Success in the Japanese market also requires a different attitude toward regulatory authorities. "Having been in a position in the United States to deal with the Securities and Exchange Commission, and in London with the Bank of England, I can say that the Ministry of Finance is tougher," Mr. Burkett said. "There are so many gray areas."

Mr. Burkett, 52, recalls his first days in Tokyo in 1981, when his predecessor coached him on the all-important meetings with the Finance Ministry, the chief overseer and regulator of Japanese financial markets. "When meeting with a government official, you have to pay attention, use honorific language and be careful not to sit there comfortably with your legs crossed," he said. "I was told to

always skirt the issues—I found it frustrating."

Mr. Burkett said Merrill had not been able to recruit very many employees directly from universities, the normal route for company entrants. Most talented graduates in the past have preferred a Japanese company. But Mr. Phillips said that was changing, and Morgan now counts two recent graduates of prestigious Tokyo University among its recruits. "When we asked our college graduates why they joined us, they said they wanted to jump into a workplace where performance counted as a top criterion," Mr. Phillips said.

Such employees may still be the exception to the rule, and so companies such as Merrill, Morgan and Salomon Brothers Inc. have chosen to hire women, who often are denied opportunities in Japanese firms. And in what has become a booming business for head-hunting firms, American securities firms are hiring away competitors' employees seeking more responsibility, more freedom, and the higher pay typical of the U.S. companies.

One particularly attractive element for Japanese employees, it is the American system of commissions or bonuses pegged to how much money the employee has brought to the company. Japanese companies are beginning to offer more of these packages now, Mr. Burkett said.

But the Americans come up short on one point, "Japanese are always looking for lifelong security, and they hate to see changes in management," Mr. Phillips said, referring to the practice of many U.S. securities companies of rotating executives through Tokyo.

"Japanese staff are constantly looking for assurance and comfort. Aside from the personnel problems, it is questionable whether American firms will ever be able to woo away a substantial number of corporate clients and whether the fierce competitive nature of the Tokyo market will allow them the profits of which they dream. Nor is it clear just how free Tokyo's markets will become. But executives here do not seem daunted.

"Japanese markets may be regulated compared to the United States, but there are still many ways for us to do business," Mr. Phillips said.

U.S. Productivity Falls by 1.8%

WASHINGTON — U.S. business productivity, not including the farm economy, dropped 1.8 percent in the last quarter of 1985, the biggest decline in four years and topping a year of no change in output, the Labor Department said Wednesday.

Total business productivity, including the volatile farm sector, dropped 1.3 percent in the fourth quarter, and grew only 0.3 percent for the entire year. The manufacturing category dropped 1.5 percent for the quarter after a revised 3.2 percent increase in the third quarter, at first put at 3.7 percent.

Productivity in the third quarter of last year was downgraded to 0.3 percent, instead of 2.1 percent as was originally reported. Productivity is measured as output per paid hour by America's 85.3 million workers.

Fewer Rises In Dividends

(Continued from Page 9)

half the story," he said. "Investors tend to overlook the dividend growth rate."

"For example," he said, "I consider Northern States Power, whose shares now yield slightly more than 6.5 percent as a more attractive investment than Public Service of Colorado, which yields about 9.8 percent. The key here is that I expect a dividend growth rate of 8 percent annually over the next three to five years for Northern States Power, compared with a dividend growth rate estimated at 2 percent annually for Public Service of Colorado."

Mr. Dunn, who focuses on utilities in the western United States, regards favorably a number of other companies that he expects to increase dividends in 1986. These include Minnesota Power & Light, Wisconsin Electric, Wisconsin Public Service, Pacific Corp., Idaho Power, Northwestern Public Service and Madison Gas & Electric.

CURRENCY MARKETS

Dollar and Pound Head Still Lower

LONDON — The dollar and the British pound ended off their session lows in Europe Wednesday, but down from Tuesday's closing levels, after a day of relatively dull trading. Dealers said that markets focused on a strong yen and an interest rate-induced recovery in the French franc.

They noted that market operators were still holding substantial short positions in the dollar despite news that Japan will lower its benchmark discount rate to 4.5 percent from 5 percent on Thursday.

Analysts said the dollar fell because the Japanese rate cut had already been discounted by the markets and because of reports that the United States is determined to push the currency even lower to dampen protectionist sentiment in Congress.

On Tuesday, the U.S. trade representative, Clayton K. Yutter, called for a further drop of between 10 percent and 15 percent in the dollar.

They said the market is still being driven by last week's comment by Japan's finance minister, Noboru Takeshita, that the Japanese economy could sustain the yen at 190 to the dollar. Dealers said that market operators are prepared to sell dollars against the yen until it reaches this level.

In London, the dollar ended at 193.92 yen, slightly firmer than the opening 193.60, but well below Tuesday's close of 195.55. The U.S. currency also fell in London to 2,388.00 DM, down from 2,402.25 on Tuesday, and at 7,300 French francs in Paris, down from 7,362.50, and to 2,020.75 Swiss francs from 2,035.50.

In other European markets Wednesday, the dollar was fixed at midafternoon in Frankfurt at 2,380 DM, down from 2,402 at the Tuesday fixing, and at 7,300 French francs in Paris, down from 7,362.50. In Zurich, the dollar closed at 2,018.50 Swiss francs, down from 2,032.75 there on Tuesday.

Dealers said the dollar recovered from its session lows on rumors late in the day that Thursday's report of U.S. leading economic indicators could be higher than forecast.

The market has been expecting a rise in December's leading indicators of between 1.4 percent and 1.5 percent. A report circulating in Eu-

THE EUROMARKETS

Japan Rate Cut Helps Lift Secondary Market

By Christopher Pizzev

LONDON — The secondary market closed firmer Wednesday, with sentiment underpinned by the overnight cut in the Japanese discount rate to 4 1/2 percent, from 5 percent.

Dollar-straight bonds tended to add 1/4 to 1/2 point while the Euroyen sector saw gains of 1/4 to 3/4 point. Floating-rate notes were also slightly firmer, with interest centered on perpetual notes following the launch late Tuesday of a \$500-million perpetual for Barclays Bank PLC. The issue was increased Wednesday to \$750 million.

The issue—which pays 1/4 point over the six-month London interbank bid rate—was increased by the lead manager, Barclays Merchant Bank, following strong demand. It had been trading inside the 5-basis-point selling concession and eventually finished at 99.945.

With the secondary market firm, Daiwa Europe Ltd. launched a 20-billion-yen bond issue for the Student Loan Marketing Association of the United States. The issue pays 6 1/2 percent over five years and was priced at 101 1/2. It has 20,000 warrants attached that are exercisable into an identical, noncallable bond. The host bond is callable at par after three years.

Dealers noted that participants in the Euroyen sector were eagerly awaiting the formal launch of a \$100-million issue of an issue of as much as \$80 billion yen for Canada.

A source said the issue was being partly pre-placed late in the day. He said the issue will emerge as a five-year bullet paying 6 1/2 percent a year and being priced at 100 1/2. However, officials at the expected lead manager for the issue, Nomura International Ltd., declined to comment.

In the dollar-straight sector, Italy launched a \$150-million bond issue paying 9 1/4 percent over 10 years and priced at 98 1/2. Dealers generally felt the terms were a little tight and the issue was quoted outside the 2-percent fees at a discount of 2 1/2. Bankers Trust International was the lead manager.

The expected 500-million-French-franc bond for Renault emerged during the morning, with a 10 1/2-percent coupon over 15 years and par-pricing.

Wednesday's OTC Prices

NASDAQ prices as of 3 p.m. New York time. Via The Associated Press

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
29 1/2	29 1/2	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

12 Month High	Low	Stock	Div. Yld.	Sales in Mil.	High	Low	P.A.	Net
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+
27 3/4	27 3/4	ABC	1.20	49	27 3/4	27 3/4	27 3/4	+

SPORTS

Seagoing Disaster Whips Up the Winds of Change

By Rick Dietrich

International Herald Tribune

PARIS — Last year was supposed to belong to French ocean racing skipper Patrick Morvan. His boat, Jet IV, an aerodynamic wonder, was the fastest entry on the booming maxi yachting circuit. Morvan has been compared to Alain Prost, the world champion Formula 1 driver, and Jet IV likened to the Concorde. Not more. Morvan's luck ran out in the Bay of Biscay. Concerns about safety and expense cast doubt on the futures of man and boat. The saga of the 85-foot (25.9-meter) catamaran, smashed by heavy seas off northern Spain after a nightmarish two-week voyage, is far from over. Jet IV has become the focus of a major debate in limit-high-tech maxi racing in competition: some advocate banning them altogether.

In December, Jet IV abruptly fell victim to an excess of speed and power in seas that scattered boats and sponsors, and capped Europe's worst racing season in years. Morvan denied making a serious attempt at a trans-Atlantic speed record when news of the disaster hit the French press. His preoccupation with speed, critics are asking, thrown safety to the winds? The disaster strengthens the call for a return to boats that are less speed-oriented. While skippers and architects make plans for the '86 racing season, Morvan and others like him grudgingly acknowledge that the rationale of hyperfast maxi racing is undergoing serious rethinking. Already launched is a process to shear the speed yards' lengths and reduce their mastsheads, but sponsors aren't convinced. For Roger Caille, and the French-owned air transport firm Jet Services, sponsors since 1979, the latest accident is a blow to purse and morale. Both builders and company insiders say there will not be another maxi Jet.

New York race, Jet IV was 100 miles ahead of Ker Cadelec and Formule Tag when its wing-mast broke loose under 55 tons of hydraulic pressure. "The odds of that happening are one in 2,000," says Serge Maeder, who crewed for Jet II and helped build Jet IV. Three days later, Formule Tag took the gun and \$40,000 first-prize money; 30 hours astern, Morvan finished third. Morvan repaired his rigging and, on Dec. 16, Jet IV returned to a stormy winter Atlantic. Four days out of New York City, the lower rigging broke. "The whole shroud could have broken at any moment," said Morvan, who holed up in the Azores for two days until a new shroud arrived and then made for France. "We didn't put up the genoa [headsail]," said Morvan. "We didn't want to exceed 20 knots."

Yet the final 400 miles were all but surreal. December 30, 7:55 P.M. Seas rising from 20 feet to 40, winds up from 40 knots to 70. Jet IV was sailing off waves at 15-18 knots with the mainsail double-reefed. In a half-mile patch of ominously gathering darkness, the crew waited — Jean-Luc Nelias at the helm, Paul Watine and Jena Castagne at the forward cockpit, Marc Guillemot and Cyril Benoit aft, behind Nelias. Morvan sent out a distress call: "Mayday! Mayday!" And then disaster struck. "Suddenly," recalled Nelias, "it became very dark. There was a storm, a lot of lightning that blinded us and a lot of wind behind." The force of the wind flattened him against the wheel. Nelias recalls "a squall burst of 70 to 100 knots, it was all over in five seconds, fast and hard." Unable to accelerate, Jet IV bowed into a wave, flipped forward — cracking the mast — and capsized, throwing the crew into the sea. Five survived, rescued 40 hours later by a Spanish Navy helicopter. Castagne, a 35-year-old resident of Newport, Rhode Island, and a crewman from two French America's Cup contenders, died. Guillemot suffered multiple leg and rib fractures. From his hospital bed, Morvan dismissed charges of a reckless attempt at a speed record. "We just wanted to make good time, but not at any price, or suicide."



Patrick Morvan: "We just wanted to make good time."

Union to Challenge Patriots' Drug Plan

Compiled by Our Staff From Dispatches WASHINGTON — Gene Upshaw, executive director of the National Football League Players Association, said Tuesday that the union will vigorously oppose efforts by the New England Patriots to implement random drug testing of the team's players. "The collective bargaining agreement imposed on players as a result of this Patriots' testing program is illegal and invalid, and we will fight it," Upshaw said. "The collective bargaining agreement must affect all players and clubs equally in order for this system to work. We can't let management pressure individual players into personal agreements," he said. The Patriots reportedly approved a proviso calling for a one-year suspension of any player who is treated for drugs once and becomes "clean" but who fails a subsequent drug test. "I have to think of all the players. The Patriots didn't have the authority to establish a drug-testing program. If they suspend for a year in Boston [for failing drug tests], what will they do in the next city — shoot you? Kill your first born in the next city after that? We can't have this vigilante approach," Upshaw said. "Raymond Berry had everything he needed at his disposal to deal with specific players whom the club had reasonable cause to suspect of drug abuse," Upshaw said. "Instead, he ignored the procedures in the collective bargaining agreement. If Berry were dealing in good faith with the Patriots players, he would have followed the drug testing and rehabilitation program in the agreement," Upshaw said. But the Patriots, traditionally a strong union team, only agreed to break ranks with the NFLPA because of Berry's influence, said guard Ron Wooten, a player representative. "No other coach could have pulled this off," he said. "Practically everyone voted for it, except those who felt their responsibility to the union was too great," said Wooten. "The guys with the [drug] problems were the first ones to support the plan, and that speaks for itself." (AP, UPI)

SCOREBOARD

Basketball

NBA Leaders

Table with columns: Team, Pts, Reb, Stl, Blk, FG, FT, 3Pt, and Averages. Lists top performers for various teams.

NBA Standings

Table showing Eastern Conference and Western Conference standings, including team names, wins, losses, and percentages.

Tennis

Table listing U.S. pro indoor tennis tournaments (AT Philadelphia) and results for various matches.

Hockey

National Hockey League Leaders

Table showing NHL leaders in goals, assists, and points for various players.

NHL Standings

Table showing NHL conference standings (Wales Conference, Patrick Division, Smythe Division).

Selected College Scores

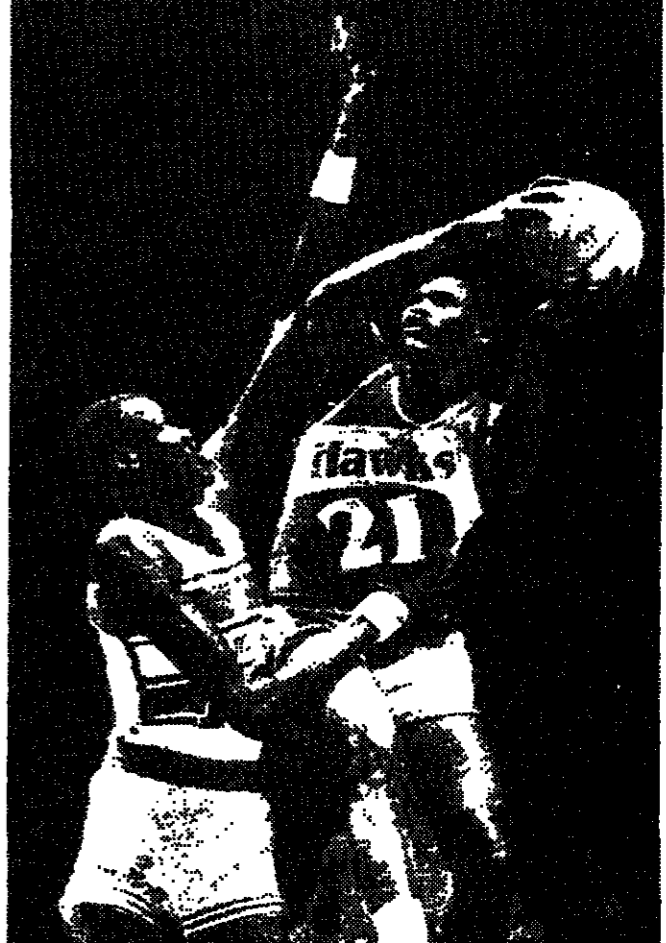
Table listing scores for various college basketball games.

Transition

BASEBALL American League Baltimore Orioles, outfielder. ... BOSTON — Signed Al Nipper, Mike Brown and Dennis Powell, pitchers. ... MINNESOTA — Signed John Butcher, pitcher. ... TEXAS — Signed Donnie Porter, catcher. ... TORONTO — Signed Rick Lachoff, outfielder. ... NATIONAL FOOTBALL LEAGUE LOS ANGELES — Signed Bobby Castillo and Dennis Powell, pitchers. ... PITTSBURGH — Signed Kenneth C. Curcio, wide receiver for the season. ... SAN DIEGO — Signed Donnie Loner, outfielder. ... SAN FRANCISCO — Signed Chis Davis, outfielder. ... PITTSBURGH — Signed Steve Largent, tight end for the season.

Big Man, Little Man Bring Bullets to Life

By Thomas Boswell Washington Post Service WASHINGTON — Just six weeks ago, they still were basically the Washington Bullets: slow, earthbound, and dull. But suddenly they're exciting, fast, high-flying and perhaps on the brink of being better than good. Amazing what one 7-foot-7 (231-meter) center and one little bald guard can do. On the day Jeff Ruland broke his ankle in December, Manute Bol was just a giant curiosity, a futuristic project, a National Basketball Association sideshow. And Leon Wood was a benchwarmer in Philadelphia. Now, in the words of General Manager Bob Ferry, Bol is "already the greatest shot-blocker in the history of the NBA," and "barren injury could end up the best defensive player who ever lived."



Manute Bol, the Washington Bullets' 7-foot-7 center, putting the block to Dominique Wilkins of the Atlanta Hawks.

Wood, the flashy, daring former Olympian, has averaged 18 points in just 34 minutes a game. He shaved his head the day his Philadelphia exile ended and has brought a smooth new look to the Bullets back court ever since. When Ruland left, the Bullets were struggling to be decent. "Now there's no telling how far this team can go," says the all-star, ready to bring his 21 points, 12 rebounds and 6 assists a game back to the lineup. "To be a Bullet these days is to be happy every time you imagine the future — and to get angry every time you think about the present. To a man, the Bullets are mad because so few folks come to see them. For instance, only 7,038 people saw Bol block 15 shots in the second-highest total in league history against Atlanta recently. That's a pretty pathetic crowd for a Saturday night against a 600 opponent.

"My God, what are we supposed to do?" grumbled Ruland after Washington won its fourth straight and sixth of seven. "If this isn't an exciting team now, what do people want? I hear all the same reasons you used to hear for why Washington had had baseball crowds — stadium location, transportation, always some new excuse. It amazes me people are doing so much to try to get a baseball team back. If we could just get some of that support for a team that already exists."

SPORTS BRIEFS

NFL Eagles Hire Bears' Ryan as Coach PHILADELPHIA (AP) — Buddy Ryan, architect of the defense of the Super Bowl champion Chicago Bears, on Wednesday was named the head coach of the Philadelphia Eagles. The signing of Ryan, who had an 18-year career as an assistant coach and the Bears, Minnesota and New York Jets, ended a search that began after Marion Campbell was fired Dec. 15. Ryan, 51, spent the last eight years with Chicago; he was given much of the credit for the Bears' 18-1 record in 1985. On Tuesday, the New Orleans Saints named Jim Mora to replace Coach Wade Phillips, who took over when his father, Bud, resigned in November. Mora, 49, coached the Stars of the United States Football League to 52 victories over three years, including back-to-back championships first at Philadelphia and then in Baltimore. Potvin Sets Defenseman Goal Record UNIONDALE, New York (AP) — Denis Potvin set the National Hockey League record for career goals by a defenseman in helping the New York Islanders rout Toronto, 9-2, here Tuesday night. Potvin's 271st career goal, on a 40-foot, second-period slapshot, broke Bobby Orr's record. Orr played parts of 12 seasons with the Boston Bruins and Chicago Black Hawks; Potvin is in his 13th season. The two played together for six games before Bol's injury; the Bullets' only loss came in overtime to Philadelphia after Bol fouled out. Back then, of course, one of the players deep on the 76ers' bench was Wood. When Shue thinks of all the new combinations and strategies at his disposal, he gets a sly, excited tone in his voice — "the one that's been there ever since Bol blossomed, Wood arrived and Ruland said he'd return. "I think," Shue says, "this is all going to work out just fine." (AP)

Soccer

INTERNATIONAL FRIENDLY Egypt 4, England 4

